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NEWS SUMMARY

GENERAL

Bessell talks of U.S. deal

Former Liberal MP Mr. Peter Bessell told a court yesterday that he and Mr. Jeremy Thorpe had tried to defraud Mr. Jack Hayward, a Liberal Party benefactor.

He said he had tried to help Mr. Hayward to sell some American properties worth several million pounds. In return he would have received a commission, probably of about $1m.

He said he had been asked to speed up the transaction, and claimed Mr. Thorpe and he suggested a payment of $500,000 to facilitate the deal.

He was speaking on the third day of the committal proceedings in Minehead, Somerset, where Mr. Thorpe is accused of plotting to murder Mr. Norman Scott.

Earlier, Mr. Peter Taylor, QC for the Crown, said: "Some of the reports in today's newspapers, particularly the headlines, may have given the impression that there has been direct evidence of Lord Goodman suggesting a plan in connection with Mr. Scott, and that it was part of the prosecution case.

"It is not part of the prosecution case. In fact the evidence of Mr. Bessell was not directly to that effect, but was simply reporting what Mr. Holmes had told him about Lord Goodman."

Smith may come

Mr. Ian Smith will not be barred from entering Britain if all the parties involved in the Rhodesian problem agree to meet at a final summit in the UK, the Foreign Secretary announced. Page 14

Manifesto talks

The Prime Minister has asked the Labour Party's National Executive Committee to meet Cabinet Ministers on December 20 to discuss the next election manifesto. He is seeking to avoid an alternative manifesto from the Left-dominated NEC. Back Page

Bombers may sue

Six men jailed for the Birmingham pub explosions four years ago which killed 21 people, were allowed by a High Court judge to sue the police for alleged assaults while in custody.

Switch over

BBC changes its radio stations to new positions from today. Radio 1 moves to 276 and 285 metres, Radio 2 to 330 and 434 metres, Radio 3 to 247 metres and Radio 4 to 1500 metres. Page 16

Nuclear check

A proposal to ship plutonium nitrate from Dounreay, Caithness, to British Nuclear Fuel's plant at Windscale, in Cumbria, will be assessed by health and safety experts, the Energy Secretary has announced.

Carter peace call

The U.S. State Department said President Carter had phoned President Sadat of Egypt and there were hopes that the peace treaty negotiations with Israel would continue. Page 4

Ugandan clashes

Clashes between Ugandan and Tanzanian forces appeared to be continuing along the border. President Amin denied a Tanzanian claim that two of his tanks had been destroyed. Page 4

Briefly . . .

Adolf Hitler's personal belongings will not be allowed at an auction in Paris because of a police ban on the display of Nazi memorabilia.

More than 300 Vietnamese refugees were feared drowned when their boat capsized in rough seas off the Malaysian coast.

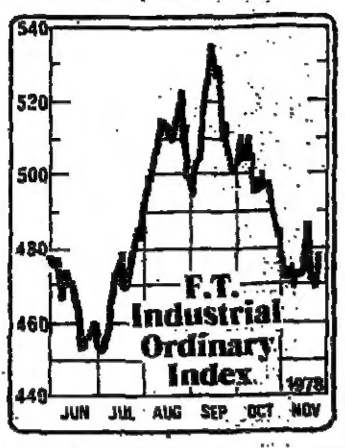
Lawyers for film star Richard Harris and a South African film company are trying to settle a $1.6m claim against the actor.

Arsenal lost 1-0 to Red Star Belgrade in Yugoslavia in the third round first leg of the EUFA Cup.

BUSINESS

Equities up 4.6; Gilts firmer

● **EQUITIES** extended Tuesday's technical recovery on rising Ford peace hopes which



were later justified. The FT Industrial Ordinary share index closed 4.6 up at 478.6.

● **GILTS** firmed, the Government Securities Index closing 0.12 up at 68.31.

● **STERLING** rose 10 points to close at $1.9465 in subdued trading. The pound's trade-weighted index remained at 62.5, while the dollar's trade-weighted depreciation was also unchanged at 8.5 per cent. The Swiss franc closed against the dollar at SwFr 1.7262½ (SwFr 1.7185).

● **GOLD** improved after a weak start to close $¼ an ounce up at $200[illegible].

● **WALL STREET** [illegible] up at 80[illegible].57 near the close.

UK seeks part of frigate deal

● **BRITISH SHIPBUILDERS** stands to gain a major part of a £663m export contract for naval frigates for the Canadian armed forces, under last week's agreement with Genstar of Canada. Back Page

● **GOVERNMENT** is considering giving Parliament's Comptroller and Auditor General limited access to National Enterprise Board books, according to a Treasury minute published yesterday. Back and Page 6

● **HILLRISE** Properties of Melbourne has discovered a large field of rubies in central Australia. The Australian Information Service said it was potentially among the top three ruby discoveries in the world. Back Page

● **SP INDUSTRIES,** the specialist engineering division of BL, is heading for a substantially lower profit than last year's. Page 6

● **EUROPEAN** Common Market Commission has begun talks in Brussels with Comecon, the Soviet-bloc economic grouping, aimed at closer economic relations. Page 2

● **EMPLOYEES** earning £135 a week or more will have to pay an extra 97p a week on their National Insurance contributions from next April if they are not contracted-out of the State pension scheme, Social Security Minister Stanley Orme announced. Page 7

● **NATIONAL COAL BOARD** is to consider plans for a new complex of collieries to exploit 180m tonnes of recoverable coal reserves in Scotland. Page 7

COMPANIES

● **COURTAULDS,** UK man-made fibre and textile manufacturer, reports a £21m sales rise in the first half of 1978-79, with pre-tax profits virtually unchanged at £27.4m. Page 28 and Lex

● **TIFFANY'S,** the Manhattan jewellers, and Avon Products of the U.S. are discussing a merger valuing Tiffany's at $104m. Page 33

● **VOLVO,** the Swedish automobile company, pre-tax earnings rose by 64 per cent to SKr 539m ($122.6m) in the first nine months of this year, compared with the same period last year. Page 34

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Excheq. 12¾pc '81	£101¼	+ ⅞
Excheq. 10pc '83	£89¼	+ ½
Assd. News	188	+ 10
Avana	64	+ 3½
Barclays Bank	348	+ 6
Burton A	109	+ 6
Courtaulds	116	+ 4
Daily Mail A	363	+ 13
Eagle Star	141	+ 5
Estates and Agency	54	+ 6
Glaxo	535	+ 10
Ladbroke	166	+ 5
MK Electric	213	+ 6
Man. Agency & Music	103	+ 6
Metal Box	320	+ 8
Mills and Allen Intnl.	207	+ 5
Mount Charlotte	23	+ 2
Pawson (W. L.)	61	+ 4
Racal Elecs.	324	+ 4
Redland	158	+ 4
Scot. and Univ. Inds.	128	+ 7
Smiths Inds.	214	+ 4
Wade Potts.	35	+ 4
Conzinc Riotinto	240	+ 10
UC Invests.	208	+ 8
Union Corp.	256	+ 6
Western Mining	124	+ 4
FALLS		
Akroyd and Smithers	198	− 5
Norton and Wright	147	− 16
Westfield Minerals	264	− 6

Ford strikers back tomorrow after accepting 17% deal

BY ALAN PIKE, LABOUR CORRESPONDENT

Ford will begin picking up the pieces of nine weeks' lost production tomorrow following clear decisions at mass meetings of strikers yesterday to return to work.

Votes for accepting the company's 17 per cent package were recorded at every plant except the Langley truck factory, where the workers will not meet until tomorrow. At the Halewood plants, Liverpool shop stewards failed to persuade their members to reject the offer.

Employees at most plants will return to work tomorrow, though some will not go back until Monday, but it will be some days before production rises to normal levels. The dispute has cost Ford output of 117,000 vehicles, worth £450m.

The end of the Ford strike, which presented the Government with a dramatic challenge to its 5 per cent policy at the outset of the wage round, now concentrates attention on the likelihood of sanctions against the company.

It is expected that the Cabinet will discuss imposition of sanctions when it meets today. The company will be the first to hear of any Government decision, and it may be next week before there is an official announcement.

Mr. Tim Renton, Conservative MP for Mid-Sussex, sought unsuccessfully in the Commons yesterday to secure an emergency debate on use of sanctions against Ford and other private-sector companies which broke the 5 per cent guideline.

In support of his request Mr. Renton quoted a report that a senior Department of Industry official had warned the Ford parent company in the U.S. of the Government's intention to implement sanctions against the British company.

The report was strongly denied by Ministers and throughout Whitehall yesterday.

At Dearborn, Michigan, Ford said the British civil servant was expected to make a "courtesy call" arranged some time ago because he was visiting North America on other matters. The strike would not be discussed.

Ford management and union officials will meet to complete details of the new pay settlement today, and for practical purposes it takes effect with tomorrow's return to work. The official signing will not take place until later.

In spite of yesterday's convincing vote for a return to work there was criticism at mass meetings of the penalty clauses in the supplementary payments scheme, worth up to £4 per week, which forms part of the deal.

Many of the original penalty clauses were removed in negotiation, but workers will not receive the supplementary payments in any week that they are involved in strike action, official or unofficial.

Ford has had about 1,000 strikes at its British plants in the past two years, and hopes that loss of the supplements will dissuade employees from joining unofficial walkouts so readily. It is likely, however, that the introduction of the new scheme will itself lead to friction in factories.

Mr. Fred Harrison, a senior shop steward at Halewood, said after workers there had rejected the stewards' recommendation to turn down the offer, that the unions were signing a "formula for trouble." In 1969, he said, penalty clauses had been attempted and had caused a four-week strike at Halewood.

● British Oxygen drivers and cylinder-handlers in the company's gases division looked set last night to accept the company's guideline-breaching 9½ per cent pay offer.

Parliament and Labour News, Page 14

Britain and Italy find common ground on EMS

BY DAVID MARSH

MR. JAMES CALLAGHAN and Sig. Guilio Andreotti, the Italian Prime Minister, agreed during Downing Street talks yesterday that the proposed European Monetary System will not be durable unless the EEC carries out a permanent transfer of resources within the Community and reforms the Common Agricultural Policy.

During the all-day talks, the two leaders succeeded in finding a good deal of common ground particularly on the resource transfer issue. The Community is to decide whether the EEC is to adopt the EMS at its Summit meeting in Brussels on December 4 and 5.

The meeting was the latest in a series of bilateral talks in which Mr. Callaghan and Sig Andreotti have been consulting with other EEC leaders in preparation for the summit.

Also taking part in yesterday's talks were Mr. Denis Healey, the Chancellor of the Exchequer, Mr. Gordon Richardson, the Governor of the Bank of England, Sig. Filippo Pandolfi, the Italian Treasury Minister, and Dr. Paolo Baffi, the Governor of the Bank of Italy.

Italy until now has been regarded as wavering in its attitude on whether to join in the system. But in a move regarded by Italian officials as a personal victory for Dr. Baffi, Italy, on Monday, succeeded in winning approval from its Common Market partners for a widened 6 per cent exchange rate margin for the lira within the new system. This makes it almost certain that it will now join the EMS when it starts early next year.

Mr. Healey has already made it clear that Britain would not consider joining under a wider margins arrangement. But Sig. Andreotti, in reference to the widespread assumption that Britain will not join the scheme immediately, yesterday stated his belief that all Community members should take part when the scheme is launched.

With this in mind, the two leaders also discussed the extent to which EEC countries not involved in monetary links should still co-ordinate their economic policies.

Regarding changes in EEC policies vis-a-vis the poorer countries in the Community, Italy also feels strongly that a reform of EEC social policies is necessary for the EMS to work

Continued on Back Page

Treasury attacked, Back and Page 7; Ireland and EMS, Page 3

Price war pays off for Tesco

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

TESCO HAS won the latest round in the High Street supermarket price war with interim sales and pre-tax profits up by just over a third.

The results for the 24 weeks to August 12, 1978, announced yesterday, give Tesco the surge in profits it needed to justify the price war it initiated in June last year by dropping trading stamps and concentrating instead on price cuts.

Interim pre-tax profits were at a record £13.795m, compared with £10.281m in the first half last year. Sales increased by 33.82 per cent to £529.9m.

A comparison between the 10 weeks after the price-cutting Operation Checkout was launched in June last year and the same 10 weeks this year shows that Tesco's sales increased by 23 per cent. In comparison with the 14 weeks of pre-Checkout trading, sales spurted ahead by 43 per cent.

But Tesco has managed to avoid any further erosion of its net profit margins, which remain at 2.6 per cent, the same as in the equivalent period last year. But over the past five years Tesco's net margins have been cut by half.

When Tesco dropped trading stamps in June 1977 and launched Operation Checkout, it quickly boosted its market share by an unprecedented 50 per cent and increased sales by over 40 per cent. But this was achieved at the expense of profits, which in the past full financial year were 5 per cent down at £28.56m.

Latest trade figures show that Tesco now has 12.8 of the packaged grocery market — up slightly on its average over the last few months — while its closest rival, J. Sainsbury, has around 10.6 per cent. Sainbury's also emerged as one of the winners of the food price war when it produced sharply increased profits and sales in its interim results earlier this month.

In spite of the renewed price-cutting offensive launched by International Stores this autumn, when it followed Tesco's example and dropped trading stamps, both Tesco and Sainsbury have managed to improve their market position and trading performance. Tesco's performance since the summer has improved especially in the sales of fresh foods, which were hit by the poor summer weather.

Growth for the market leaders has come at the expense of the smaller supermarket chains, independent grocers, and Co-operative stores, which are believed to be planning their own counter-offensive in the next few months.

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Tesco in the '80s Page 15

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For latest Share Index 'phone 01-246 8026

Burmah regains North Sea stake

By Kevin Done, Energy Correspondent

BURMAH OIL has been given a stake in North Sea exploration alongside the British National Oil Corporation. It has been granted minority interests in four concessions, which earlier this year were awarded to the state oil company as sole licences.

The surprise deal, made in order to fulfil a Government undertaking given to Burmah in 1976, contradicts the Department of Energy's policy on granting exclusive licences to the state company, which was outlined in April.

At that time the national corporation was awarded nine sole licences. Mr. Anthony Wedgwood Benn, the Energy Secretary, said this award had been made "to increase the national stake in the total area licensed."

Yesterday, however, he approved the assignment of a 12.16 per cent interest from the state company to Burmah in blocks 15/6, and 31/26 and the part blocks 31/21 and 31/27.

The state company is already drilling its first exploration well on block 15/6, located north of the Piper Field. The other three blocks are located close to the median line with the Norwegian and Danish sectors to the south of the Ekofisk Field.

Rescue

It is though the state company was reluctant to dilute its interests in these concessions. But some deal had to be made in order to fulfil the licence sharing obligation which it assumed in 1976 as part of the purchase of the major part of Burmah's share in the Thistle Field.

As part of the Burmah rescue operation in 1975 and 1976 Burmah sold its 21 per cent stake in the Ninian Field to the state company for about £90m. It sold nearly all its other interests, including 65 per cent of its Thistle stake for a further £103m.

Burmah was also given an agreement in principle for the setting up of a joint venture company—15 per cent Burmah—for acquiring new interests in offshore licences. The agreement was to give Burmah a 15 per cent share in two blocks, which this deal totally fulfils by providing 12 per cent in one block and three part blocks.

Burmah has been bidding in the sixth round of UK offshore licensing, which closed on Monday, as the operator for an international consortium.

It is also fighting for the return of its stake in British Petroleum, which was pledged to the Bank of England in 1974 as part of a package of rescue measures.

Court hearing, Page 6

EEC steel plan hit by aid dispute

BY GILES MERRITT BRUSSELS, Nov. 22.

THE FUTURE of the EEC's steel industry crisis plan is threatened by a serious disagreement in the Community over proposed curbs on national aids to steel producers.

The split involves most of the nine member Governments. There are fears that the EEC's external agreements limiting steel imports from third countries will not be renewed for next year.

Britain and Italy are resisting the Commission's plans to curtail direct aids to their nationalised steel industries. West Germany, though, has backed its demands for implementation of the proposals with a warning that it will refuse to sanction the entire 1979 crisis plan.

Unanimous agreement must be reached by the Nine before the forthcoming phase of the plan can take effect, so the German stance is provoking speculation in Brussels that EEC markets could be opened to new supplies of imported low-priced steel.

No mandate

Last night's lengthy meeting of the Council of Ministers failed to produce a mandate for the Commission to renew the EEC's external agreements on steel. It has become clear that conflicting national attitudes to financial aids for steel producers—the subject of simmering arguments for several months—have come to a head.

Mr. Gerald Kaufman, Minister of State for Industry, is understood to have made plain that Britain's steel industry is so structured that the Government is unable to limit national aids in line with the draft proposal. The UK is believed to have undertaken to investigate regional grants.

Italy has adopted a similar position, while France, Belgium and Luxembourg have reportedly indicated strong reservations on the curtailment of national aids.

Doubts

Count Otto Lambsdorff, West Germany's Economics Minister, has insisted that until there is agreement on internal EEC steel policy there can be no pact on external questions. He is being supported by the Netherlands and Denmark, but there are suggestions that German and Dutch steel producers may have doubts.

The calculation is that they would be more interested in securing the stability of a renewed anti-crisis plan than in restrictions on the national aids available to some EEC competitors.

The future of the crisis plan—launched early this year by Viscount Etienne Davignon, the Commissioner for Industry—is almost certain to remain in doubt until the next foreign ministers meeting in Brussels on December 19.

There are indications that EEC producers view the row over national aids as an unwelcome and largely unnecessary threat to the industry's continued recovery.

It is being suggested that with no signs of any firmness in trade, arguments over detailed national policies is irrelevant and potentially very damaging.

Joint shipbuilding bid for talks with Varley

BY LYNTON McLAIN

BRITISH SHIPBUILDERS and the Confederation of Shipbuilding and Engineering Unions are to seek a joint meeting with Mr. Eric Varley, Industry Secretary, to discuss the implications of the corporate plan, which calls for 12,300 redundancies by 1981.

The joint approach is expected today.

In a separate move, Admiral Sir Anthony Griffin, the corporation's chairman, has called for an urgent meeting with the Boilermakers' Amalgamation, shipbuilding's biggest union, after its call for a ban on overtime from January 1.

Mr. John Chalmers, union general secretary, said at the weekend that the ban was designed to "spread the workload and to show that we are prepared to do something to cut the need for redundancies as far as possible."

In a move against redundancies, members of TASS, the draughtsmen's union, at the Haverton Hill shipyard, on the River Tees, have refused to hand over plans for a refrigerated container ship that the corporation may build at Swan Hunter on the Tyne.

Haverton Hill will probably close unless it receives more work after its latest ship, a cargo vessel, is completed next month.

The container ship destined for Swan Hunter is one of two 16,300 deadweight ton vessels that may be built for the Bank and Savill Line, if British Shipbuilders gain access to the Government's £85m intervention fund. The corporation wants to build the other ship at Smith's Dock Company, on the Tees.

£ in New York

—	Nov. 21	Previous
Spot	[illegible]	[illegible]
1 month	[illegible]	[illegible]
3 months	[illegible]	[illegible]
12 months	[illegible]	[illegible]

EUROPEAN NEWS

Guy Hawtin, in Frankfurt, reports on the German steel crisis

Fighting against the recession

NEWS that West Germany's steel workers have voted overwhelmingly in favour of strike action in support of their demands for a 5 per cent pay increase and a 35-hour week came hard on the heels of the publication of the industry's October performance statistics. These showed demand for rolled steel finished products is once again on the decline after only a very modest improvement the previous month.

Total bookings fell back by 12 per cent compared with the September figure and, at just over 1.7m tonnes, the order level is only a little up on the 1.69m tonnes recorded in October last year when the industry was emerging from the deep point of the current recession.

West Germany's steel makers have been having a thin time since the final quarter of 1974. Although some may argue that the industry is in better shape than in many other European Community countries it has been suffering from chronic under-utilisation of its production capacity for three years.

Naturally, the sufferings of the employers have also been visited on the employees. Despite a substantial shake-out of the industry's labour force short-time working has been widespread in the industry since the recession began.

Few of the men employed in the sector have not lost a week or a month at one time or another—the Special Steels branch excepted—and the demand framed by the giant I.G. Metall Metal Workers' trade union is aimed at alleviating their members' suffering.

The sticking point is not the 5 per cent pay rise which, although it is likely to be subject to some haggling, is regarded by independent observers here as being relatively reasonable. The knotty problem is the 35-hour week which the union believes will eliminate short-time working and create new jobs for unemployed steel workers.

For the employers' IG Metall's demands are utterly unacceptable at a time when many of the country's steel plants are working in the red. Herr Eugen Loderer, who rules his mighty union with a rod of iron, has admitted that the employers' negotiating team has always met the claim for a reduction in working hours with a flat "nein." The room for manouvre so necessary for the pragmatic German negotiating process has, it appears, just not been there.

The difficulty is that a cut of 12.5 per cent in the working week could well push up employers' costs by far more than the simple figure. If, as seems intended, the 35-hour week leads to an increase in employment in the industry, the new men taken on will be entitled to fringe benefits which in Germany can frequently cost employers as much as the cash salaries.

German labour costs are already the highest in the European Economic Community and, coupled with a near 20 per cent revaluation of the Deutsche Mark against the dollar during the past 10 months, have severely reduced the competitiveness of the German industry's products. During the past two years, German steel makers have had the disquietening experience of tough import pressure in their own home market as well as feeling the pinch overseas.

This summer imported steel accounted for well over 40 per cent of total German consumption—a situation undreamed of three years ago. While the European Commission steel measures have taken off some of the pressure, they have failed to stem the flow of imports, a good proportion of which now come from producers in other European Community countries.

Just under 87 per cent of its 200,000 steel worker members—based in North Rhine-Westphalia, Osnabrueck and Bremen — ballotted in favour of downing tools. The men are due to come out on Tuesday next week for what will be the industry's first strike in 50 years.

The men's mood has been shaped by a seemingly endless rundown of manpower in the industry. Indeed, Herr Rudolf Judith, a member of the IG-Metall steel industry executive board, said at a conference of steel industry shop stewards, held in the Ruhr town of Muehlheim earlier this month, that the employers had acted as though the industry's skilled workers were not its most valuable asset. The employers seemed to take the view, he said, that the skilled men were just "so much ballast which can be thrown overboard when the going gets rough."

There are wide implications for the rest of German industry if IG-Metall gets its way. Observers here feel that the union—whose 2.6m membership is also made up of workers in the engineering, motor, aircraft and other more affluent sectors —has selected the steel industry as the jumping off point for the 35-hour week precisely because it is less able to withstand a strike than other industries. Furthermore, employers in sectors such as chemicals would find it hard to resist demands for a shorter working week, if the steel industry employers bow to IG-Metall's demands.

With demand low and steel stocks relatively high, the steel employers, on the surface of things, may seem in a position to take a firm line. However, the prospect of imported steel products making even deeper inroads into the West German market is a major incentive for them to try to reach an early settlement.

The spectre of rising imports is also of concern to the union which maintains an excellent economic research department. Furthermore worker-participation has given the union direct access to the steel companies books. However, the leadership of the giant union has recently come under sharp attack from its own members for being out of touch with the rank and file —and with the men in their present mood, like it or not, they will have to play tough.

East Bloc talks start in Moscow

MOSCOW, Nov. 22.

LEADERS OF the seven-nation Warsaw Pact today opened a summit meeting here to map out their political strategy for the next two years.

Attending the conference of the political consultative committee are the Heads of State, party chiefs and Foreign and Defence Ministers of the Soviet Union, Poland, East Germany, Czechoslovakia, Hungary, Bulgaria and Romania.

The meeting of the 23-year-old organisation is expected to last two or three days and result in a joint declaration at its end.

It will be the first face-to-face confrontation between Mr. Nicolae Ceaúsescu, the Romanian leader, and Soviet President Leonid Brezhnev since the Romanians underlined their foreign policy independence in late August by hosting Chinese Chairman Hua Kuo-Feng.

Western diplomats here say Romania is sure to resist any Soviet attempts to include in a joint Warsaw Pact declaration strong support for Vietnam in its dispute with China in South East Asia.

Also expected to be high on the agenda, which is never made public, are discussions of world-wide disarmament, the progress of U.S.-Soviet arms limitation talks, current Nato strategy, as well as Soviet Bloc policies in Agencies

EEC-Comecon talks begin but agreement is unlikely

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

BRUSSELS, Nov. 22.

THE EEC and a delegation of senior Comecon officials opened three days of talks in Brussels today in a renewed attempt to hammer out a basis for a formal agreement between the two organisations.

Officials at the European Commission, which is representing the Community, believe that the prospects of the talks achieving any significant breakthrough are slim, however, and are not discounting the possibility that they may end in effective stalemate.

Their assessment is based on the absence of any discernible narrowing of the gap between the two sides' bargaining positions since their last meeting in May when Herr Wilhelm Haferkamp, the EEC's External Affairs Commissioner, led a delegation to Moscow to confer with Mr. Nicolai Fadeev, the Russian Secretary of Comecon.

That meeting produced few substantive results beyond an agreement that the dialogue should press ahead as rapidly as possible. A high-level rendezvous was fixed for last month in Brussels but was later postponed until this week at the request of Comecon, whose members had apparently had difficulty agreeing on a mandate.

According to Commission officials, the Eastern Bloc has given no signal in the meantime that it is prepared to modify its original aim of negotiating a full trade agreement with the EEC.

This has been repeatedly ruled out by the Community on the grounds that Comecon is not equipped to discuss trade matters, having no common policy on customs, quotas or free movement of goods.

If the Comecon negotiators stick to their request this week, the Commission will no doubt argue that it is ruled out by the paragraph in the joint Haferkamp-Fadeev declaration issued last May, which stated that an eventual agreement must respect the "practices, objectives and institutional rules" of both sides.

The Community, for its part, is prepared to envisage no more at this stage than a relatively low-level agreement to promote the exchange of information on economic and trade statistics and co-operation in fields like transport and environmental policy.

It insists that it will consider signing trade agreements only on a bilateral basis with individual Eastern Bloc countries. Offers to negotiate such accords were sent to all "State trading" nations (Brussels terminology for Communist countries) as long ago as October, 1974.

Until now, however, only China has concluded such an agreement, though among the Comecon countries both Romania and Hungary have exhibited discreet signs of interest in exploring the possibility of strengthening their commercial relations with the Community.

EEC officals believe that the Eastern bloc's insistence on a full trade accord is, however, rooted less in a genuine interest in obtaining tangible commercial concessions than by the Soviet Union's desire to procure greater international recognition and respectability for Comecon.

It is pointed out in Brussels that the EEC already applies most favoured nation tariff treatment to Soviet and East European exports and that even if a framework agreement were concluded on the lines proposed by Comecon, it would have little practical effect in expanding the volume of two-way trade in the foreseeable future.

Officials here believe that their analysis of Comecon's motives is borne out by a report that the Soviet Union attempted unsuccessfully last summer to persuade its partners to change the organisation's statutes and strengthen its rules so as to enhance its claim to be a genuine trade bloc.

There is speculation here that if this week's talks fail to achieve any concrete results, the Soviet Union may use the lack of progress as a pretext for urging its Comecon partners to consider afresh proposals to expand the organisation's powers.

The firmly held view in Brussels and national capitals is that the EEC enjoys a distinct advantage in the talks, since it has already acquired substantial weight in world affairs and does not need to look at a formal link with Comecon to enhance its international standing.

Storm over Aantjes spotlights Holland's bitter war memories

BY CHARLES BATCHELOR IN AMSTERDAM

MORE THAN 30 years after the end of World War II Holland still has many bitter memories of the German occupation.

The discovery that Mr. Willem Aantjes, Parliamentary leader of the Christian Democrats, joined the Waffen SS in 1944 finished in a matter of two weeks a distinguished political career spanning 20 years.

Mr. Aantjes' explanation that he joined the SS merely to be returned to Holland where he planned to go into hiding, and the general acceptance that beyond joining the organisation he committed no misdeeds, have done little to soften political and public judgment on him.

The revelations about his wartime past have come at a time of renewed preoccupation in Holland with the war. A row flared up earlier this year over the Justice Ministry's policy on rounding up war criminals.

The Dutch organisation of former resistance fighters claimed that the authorities had not taken an active enough line on the 350 people still being sought for crimes committed during the World War II. A number of recently unearthed cases owed more to the efforts of private individuals and journalists than to the activities of the Justice Ministry.

Holland's "Eastern neighbours" are welcomed as business partners and as tourists. West Germany is Holland's largest trading partner while the hundreds of thousands of German visitors who flock to Holland's sandy coasts every summer are made very welcome. Yet many people who lived through the war years retain vivid memories and a resentment of the Germans for what happened during the occupation. This feeling extends to a surprising number of young people who did not experience the war.

The criticism which was recently levelled at British television and children's comics for their one-sided portrayal of the Germans could not be made of Dutch broadcasters or publishers. But a serious Left-wing daily paper, De Volkskrant, frequently caricatures Chancellor Helmut Schmidt wearing a Prussian helmet and military uniform.

Of course, many Dutchmen take the view that the Nazi excesses were an abberation and are on good terms with Germans on a personal and general level. But institutions such as the Anne Frank foundation and the Institute for War Documentation both in their own way seek to keep the record straight and draw lessons for the future.

It was the Institute for War Documentation which delved into Mr. Aantjes' past. The institute, which is a department of the Ministry of Education, was only this summer reprieved from closure in 1985 when its director, Professor Lou de Jong, expects to finish his historical work "The Netherlands in the Second World War." Its future is now secured indefinitely because of the importance of its work.

The Institute received two tips from lawyers at the end of October that Mr. Aantjes had an unsavoury wartime record. The question has arisen why these tips should have been given at this stage in Mr. Aantjes' political career, and why both should have come within a few days of each other.

No evidence has yet been unearthed to show that anything other than coincidence was involved. All the same, Mr. Aantjes' criticism of his party's agreement to form a coalition with the Right wing Liberal party has understandably made him enemies.

The War Institute presented the results of its investigations to the Cabinet on November 2. Working under pressure because news of the inquiry had leaked to the Dutch press, Professor De Jong announced the findings of his investigations four days later at a televised press conference.

The Government's failure to inform Parliament in advance of the contents of the report, and the absence of a Government spokesman at the press conference, earned Mr. Dries Van Agt, the Prime Minister, sharp criticism in the subsequent Parliamentary debate. The Government, however, survived a motion condemning its handling of the affair.

The War Institute found that Mr. Aantjes had joined a division of the Waffen SS in October 1944 when he was working as a conscripted labourer for the Post Office in Germany. He was transferred back to Holland by the SS and worked for the occupying forces as a guard or as an administrator in the Port Natal work camp near the town of Assen, in the Eastern Netherlands.

The Institute accepted that he did not maltreat prisoners in the camp and said that if his actions had been discovered immediately after the war he would have received only a short prison sentence—probably of around 18 months.

Mr. Aantjes admitted joining the SS, but said he did so solely to be sent back to Holland where he planned to go underground.

Many people who lived through the war years retain vivid memories and a resentment of the Germans for what happened during the occupation

"I had to get out of the situation I was in. Any means were justified," he said, when he announced his resignation from all political offices.

He also said he was sent to the work camp not as a guard but as a detainee after refusing to carry out SS duties. He later became a trustee and was put to work in the kitchens and finally in the camp administration.

He was strongly criticised for concealing his past when he embarked on his political career. His reply to that charge was that his record had been investigated twice immediately after the war and no action had been taken against him.

The War Institute investigation revealed though that he had admitted to being "in a sort of military service" for the Germans, but that he had never mentioned the more emotive term "SS."

The Cabinet maintained that it feared imminent disclosure of the Aantjes' investigation and that it was therefore forced to leave publication of the War Institute's report to the institute itself. But many MPs were unhappy with this argument.

As time passes and memories fade, proof of guilt or otherwise is increasingly difficult to find. But Mr. Aantjes' case shows that for the Dutch politician at least, a dubious war record is still enough to end a career.

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EUROPEAN NEWS

How the EMS could add to the profits of Irish smugglers

BY STEWART DALBY DUBLIN, Nov. 22.

THE PROSPECT was succinctly, if flippantly, summed up by one of Dublin's leading economic commentators. "Smuggling?" he said. "Of course there will be smuggling and currency violations. If people can make a fortune out of smuggling pigs, just think what they can do with bank notes."

He was talking about what might happen between the two parts of divided Ireland if Britain does not join the projected European Monetary System (EMS) but Dublin goes ahead with its participation.

There has been smuggling in Ireland almost since the day in the early 1920's when N. Ireland (or six of the original nine counties of Ulster) chose to remain part of the United Kingdom and not join the Irish Free State. There is a 290-mile border around N. Ireland, a lot of it sparsely populated, some of it rugged and isolated and all of it very difficult to police effectively.

Contraceptives and forbidden literature have always gone south to Roman Catholic Ireland. Guns, explosives and ammunition have regularly come north, as the sectarian conflicts between Catholics and Protestants in N. Ireland have flared into violence.

As customs duties, VAT and other indirect taxes have diverged between Ireland and Britain, there has also been a flourishing north-south traffic in cars, car parts, stereos, radios, television sets and other luxury goods.

Today, for example, most cars cost at least a third more in the Republic than they do in Northern Ireland. The police (or Garda as they are known in the Republic) are vigilant about looking for Belfast number plates. But mostly they catch the individual trying to buy a car on the cheap. The handful of professional smugglers, who have become rich through their trade, find that forged log books and replacement number plates are not hard to come by.

Perhaps the best known cases of illicit cross-border traffic have been in agricultural goods. These have been the most wide-scale and the most lucrative, and have multiplied since the two countries became members of the Common Market five years ago.

There is not as much British legal tender circulating in the Republic as one might think—only about £2m worth—but this would be withdrawn if Ireland joined the EMS. For some reason there is an extreme shortage of British coins in N. Ireland and Irish coins circulate freely there. These would also have to be replaced. There would be serious implications for Irish holders of British bank credit cards but besides this there is thought to be nearly £300m worth of Irish funds on deposit in the north. Mostly its owners are Irish farmers who are not in the income tax net and do not want to be. They might find themselves having to repatriate their money a bit speedily or have to take a loss on their funds.

Most people in Ireland are assuming that if the parity link between the two pounds is broken, the Irish pound (or punt) will appreciate against sterling which would mean that smuggling would be from north to south. It does not take a mathematical genius to work out that even a one decimal point increase would make smuggling lucrative.

Probably, the Irish government would tighten up its border checks. It would perhaps have to introduce limits on how much currency its nationals could take abroad with them.

Lynch talks with Giscard

BY DAVID WHITE PARIS, Nov. 22.

THE FRENCH Government is "sympathetic" to Ireland's request for special facilities in the launching of the proposed European Monetary System (EMS), Mr. Jack Lynch, the Irish Premier, said after two hours of talks with President Valery Giscard d'Estaing here today.

But he said that the French Head of State had adopted no final stance on Ireland's stipulation of a transfer of resources from other members of the system in order to ease the economic strains that it might suffer as a participant. Citing a basic figure of £650m, the Irish are seeking as much as possible in the form of grant aid.

Mr. Lynch made clear that, if Britain decided against joining, Ireland would have to ask for considerably more than £650m. The prospects of Britain staying out and the Irish pound becoming stronger than sterling would imply a worsening of Ireland's economic difficulties, given that 47 per cent of Irish exports go to the UK, he said. These would become harder to sell, while British goods would become cheaper in Ireland.

EMS effects on Britain, Page 7

Portugal early election warning

BY OUR OWN CORRESPONDENT LISBON, Nov. 22.

PRESIDENT Antonio Ramalho Eanes today warned that he would call an early general election if Portugal's new Government was rejected in Parliament.

Speaking at the swearing-in ceremony of Sr. Carlos Mota Pinto's non-party administration, the President described the current situation as "the most serious political crisis to have occurred within the present Portuguese democratic system."

He went on to say: "The rejection of this Government's programme would lead to the formation of a new administration whose essential task would be that of preparing the necessary electoral mechanisms." This task, he added, could be made easier by the passing of a new electoral law and the holding of a new census.

President Eanes, however, clearly still hopes, as he indicated during his recent visit to Britain, that he may at least have struck on a Government formula capable of gaining wide acceptance among the political parties.

He paid tribute today to the new Prime Minister for his "recognised capacity as a political negotiator," and said that the Government chosen by Sr. Mota Pinto represented a "promise and a guarantee of efficiency."

The country expected efficiency and competence from the new administration, according to the President, since democracy in Portugal had been endangered by the "continuing crisis and broken promises."

In his acceptance speech, Sr. Mota Pinto set aside his legal rhetoric and gave a statistical account to illustrate what he referred to as "an economic crisis which is far more serious than some people think."

According to Sr. Mota Pinto Portugal's estimated budget deficit for 1978 (excluding credits to the public sector) is Es 70bn (£769m).

By the present terms of the constitution, Sr. Mota Pinto has a maximum of 10 days in which to present his Government programme to Parliament for debate and voting.

Change shows stability

BY JIMMY BURNS IN LISBON

BEFORE LEAVING the Prime Minister's palace of Sao Bento, Sr. Alfredo Nobre da Costa, Portugal's caretaker Premier for just over two months, swept his disk clean, tied some documents and notes in a bundle and left them for the attention of his successor. He then walked out as quietly as he had walked in, telling the waiting journalists: "I leave with my conscience clear since I believe I have completed my mission."

The smoothness with which Portugal has changed Prime Ministers contrasts sharply with the stormy exit of Sr. Mario Soares in July, and is perhaps the surest sign that at last Portugal may be heading towards some rather more pronounced form of institutional stability than has hitherto been the case.

Portugal's fourth constitutional Government, under the Premiership of Sr. Carlos Mota Pinto, strikes one as remarkably similar in complexion to Sr. Nobre da Costa's own administration.

The non-party administration consists of "doers" rather than "talkers," which, in the Portuguese context, tends to be equated with men of technical rather than political experience. Of the four Ministers to be retained from the previous administration, Dr. Vaz Portugal, the Minister of Agriculture, already has spent several weeks of controversial activity in the agrarian reform belt. He is the first Minister in over a year to dare push ahead with the handing back of expropriated land to private ownership.

Among the new Ministers, Sr. Jacinto Nunes, at Finance, has emerged from the background of public life where he has been involved in managing the country's major financial bodies for over 20 years. Having served as Secretary to the Treasury in the old régime, worked at the Bank of Portugal for 16 years, and at the Caixa Geral de Depositos, the country's major credit institution, for more than four, Sr. Nunes strikes commentators here as one of the few men in Portugal who might know the financial ropes inside out.

That Sr. Nunes will be dividing his functions as Finance Minister with that of Vice Prime Minister indicates the importance of his position in the new Administration. The next months clearly will be crucial on the economic front. The International Monetary Fund (IMF) returns to Lisbon in January, and Portugal will need a skilfull man at the helm to co-ordinate the re-negotiation of the "letter of intent."

> The smoothness with which Prime Ministers are being changed in Portugal is an encouraging sign of stability. But one again, the administration's survival will depend on the attitude of the Socialists.

Whether Sr. Nunes and his team will be given the opportunity to demonstrate their skills depends on the political parties. Last month, Sr. Da Costa's government was brought down in Parliament for a variety of reasons. The Socialists were angered at the way the Prime Minister had been chosen by the President without properly consulting the parties. The Conservatives (CDS) were angered by the inclusion of what they saw as "pro-Communist Ministers in the Government." The Communist Party was angered by the "Fascist" tinge of the administration. All three presented motions of rejection, while only the Social Democrat Party (PSD) voted in favour.

Sr. Carlos Mota Pinto appears to be having a better reception. The Conservatives, along with the Social Democrats, have said they will not vote against the Government's programme when it is presented to Parliament.

They are clearly delighted that Sr. Vaz Portugal has been retained as Agriculture Minister and that the "left-wing" Ministers included in the Da Costa administration have been dropped.

The Communists are less happy and have declared Sr. Mota Pinto's team the most right-wing administration since before the revolution. But their 41 votes of rejection in a Parliament of 261 Deputies will not topple the Government.

So the focus yet again is on how the Socialist Party will vote. Their reactions to Sr. Mota Pinto's appointment were more serene than their full frontal attack on Sr. da Costa, since they claim to been properly consulted this time round.

Less clear is their attitude to Sr. Mota Pinto's government. Sr. Mario Soares, the Socialist leader, in an interview earlier this week, echoed the Communists and stressed that the new administration contained a number of Ministers linked to the old dictatorship.

The Socialists, however, are in a [illegible] position politically and [illegible] perhaps a little premature to judge the practical implications of their leader's well-worn rhetoric.

Spain coup attempt inquiry demanded

MADRID, Nov. 22.

THE SPANISH Socialist Party, the country's biggest opposition group, today demanded a parliamentary explanation from the Government about the real scope of last week's plotted military coup.

The military authorities yesterday gave the first official version of a plot to arrest Prime Minister Adolfo Suarez and his reformist Government and replace them with a "national salvation" administration that would halt Spain's democratic development.

The cryptic military communique said the plot was hatched by five officers who met in a Madrid cafe called the Galaxia. They planned their coup for last Friday, but military intelligence heard about the scheme and it was foiled.

"We consider the Government must fulfil its inescapable obligation to inform parliament and public opinion about the real scope of what has been called Operation Galaxia," the Socialist Party's executive committee said in a statement.

It said the Government must ensure that military justice was applied with firmness to those involved in the plot. Two officers, a colonel and a captain, are currently under arrest.

"The constitution is threatened by the enemies of freedom and democrats" have the moral obligation to defend it before and after its birth," the party said in its statement.

The Socialists are campaigning hard for a "yes" vote in the December 6 national referendum on Spain's new democratic constitution, which it helped to draft along with the other major Government and opposition parties.

The Socialists said the democratic process should be speeded up and insisted on the "urgent need" for municipal elections to be called after the referendum. The Government should also announce a date for general elections.

No municipal elections have been held since the death of General Franco three years ago and many city and town halls are still administered by pro-Franco mayors.

The Socialist statement noted that urban guerrilla activity had increased "and it is to be feared that it will continue in this direction." The clear aim was to destabilise democracy.

The party also complained that the Government was not doing enough to control the extreme Right, which it said was trying to provoke military uprisings against the democratic institutions.

Reuter

UNESCO adopts compromise draft on mass media

BY ROBERT MAUTHNER PARIS, Nov. 22.

AFTER SEVERAL years of bitter wrangling, UNESCO today adopted a compromise declaration on the role of the mass media in promoting peace and human rights and combating racialism, which avoided some of the controversial references to government control to which Western governments had objected.

The compromise document, drawn up by UNESCO Director-General Amadou Mahtar M'Bow, was approved by acclamation by the organisation's Culture and Communications Commission, which comprises UNESCO's entire membership. Its adoption by the general conference in plenary session is thus no more than a formality.

One of the most important concessions to the West was the dropping of the clause in the original draft which specified that it was "the duty of states to facilitate the application of the present declaration and to ensure that the mass media coming directly under their jurisdiction act in conformity therewith." All Western Governments considered that the acceptance of this article would have paved the way to state control of the media.

References in the original draft to the specific duties of the mass media in combating racialism and war propaganda were replaced by statements about the "contribution" that the mass media could make in achieving these objectives.

Another important new feature was the insertion, in the heading of the text and in several articles, of the contribution that the mass media could make to the promotion of human rights, which was absent from the original draft. As late as yesterday, Soviet delegates were still opposing the reference to human rights on the grounds that they would provide a pretext for Western criticism of Moscow's treatment of political dissidents.

Not least, as far as the Western countries are concerned, the declaration included a specific reference to the freedom which journalists should be given in gathering news.

It emphasised the importance of the diversity of sources of information to enable journalists to check facts and appraise events. "To this end, journalists must have freedom to report and be given the fullest possible facilities of access to information," it said.

The declaration also said that journalists should be guaranteed protection in their own countries or abroad, so that they could carry out the principles set out in the document.

The non-aligned countries, for their part, considered that the Western countries had made an important concession in accepting "a new, more just and more effective world information and communications order." In this context, the declaration said that the inequalities in the flow of information to and from developing countries and between them should be corrected.

European arms proposal

BY OUR OWN CORRESPONDENT PARIS, Nov. 22.

A CONTROVERSIAL motion calling for Europe's arms industry to be reorganised under the aegis of the EEC was carried by a majority of MPs from seven countries, meeting at the Western European Union assembly in Paris.

The recommendation, attached to a report on armaments policy by Mr. Julian Critchley, Conservative MP for Aldershot, goes directly against official WEU policy.

The WEU, which groups the original Common Market Six and Britain, has sought to maintain a position of being Europe's only defence forum and to keep security matters out of the EEC's orbit of competence.

The part of the report urging EEC countries to work together in the face of growing Soviet power was hotly disputed at committee level and passed by a single vote. Minority members of the Committee on Defence Questions and Armaments said they felt such a move would tend to divide NATO.

A joint move by British Labour MPs and West German and Dutch Socialists to have the clause removed failed to carry the assembly's support in this afternoon's vote.

Mr. Critchley said that if the EEC did not reorganise and standardise its arms business, Europe would be "disarmed by inflation at a time when perception of the Soviet threat is growing."

He went on: "I sense there is an unholy alliance between Communists, Socialists and Gaullists who oppose this great leap forward."

AMERICAN NEWS

Somoza ready for opposition attack

BY WILLIAM CHISLETT

MANAGUA, Nov. 22.

GEN. ANASTASIO SOMOSA, the Nicaraguan President, dug himself into his reinforced bunker today in preparation for an expected offensive against him after the withdrawal of the Broad Opposition Front from talks aimed at ending fighting in the country.

At the same time Costa Rica has broken off diplomatic relations with Nicaragua after an incident last night near the border between the two countries. At least two Costa Rican guards were killed in crossfire with the Nicaraguan National Guard, and another Costa Rican guard was captured and taken to Managua.

The withdrawal of the Opposition Front follows the expiry of its deadline for General Somosa to renounce power, but the door to further talks is not completely closed.

Before the deadline expired on at Tuesday midnight, General Somosa and the Opposition Front accepted a secret document from mediators—made up of representatives of the U.S., Guatemala and the Dominican Republic—who sponsored the truce negotiations. The document reportedly set out proposals for a referendum supervised by the Organisation of American States, to decide whether the President should remain in office.

The Opposition Front's acceptance of the document after previously rejecting out of hand any idea of a referendum was interpreted as a sign of flexibility. The mediators have asked both sides to reply to their suggestions by Friday.

The Sandinista guerrillas, who fought against General Somosa's 7,500-strong National Guard in August and September, apparently are regrouping after a six-week lull in the fighting (while the mediators discussed peace proposals) but are known to be poorly prepared, while the National Guard has been strengthened.

An uneasy atmosphere reigns in Managua with troops on full alert. The curfew and restrictions on Press freedom have been lifted. Most shops and restaurants are open. Nevertheless, the Immigration Department is receiving about three times the normal number of requests for passports to leave the country.

In their official communique the mediators said that they had submitted "a conciliation proposal" and they warned of the grave consequences of failure to find a peaceful settlement to the crisis, which has paralysed the country's economy.

The question which would be put in a referendum is not known, but diplomatic sources say that it focuses on the "continued presence of General Somosa in power."

The President himself recently suggested that he should continue to head a government reflecting the strengths of the country's parties as determined in a referendum. The Opposition Front rejected this outright.

The Front faces a difficult task in deciding its reply to the mediators and is waiting for General Somosa to reply first in order to be able to reconsider its position.

"Los Doce" (the 12), a respected group of professionals, intellectuals and clerics, which has links with the Sandinistas, withdrew from the Broad Opposition Front last month after accusing the mediators of trying to force on the Opposition a government to the liking of the U.S. Seven members of Los Doce (five are in exile) took refuge in the Mexican embassy hr, where they remain.

The U.S. is concerned about the development of a power vacuum in the event of General Somosa's departure, and it is not known what measures are suggested by the mediators if General Somosa wer asked to leave following defeat in a referendum.

Only af ew days ago General Somosa reiterated his determination to remain in power until the 1981 general election. His family has ruled the country since the 1930s, and it is thus thought unlikely that he will accept the idea of a referendum.

The Costa Rica incident further complicates the situation. The Costa Rica President denied that his guards were in Nicaraguan territory. General Somosa has repeatedly accused Costa Rica of harbouring and aiding the Sandinistas and of offering them training facilities.

Argentina threatened by strikes

BUENOS AIRES, Nov. 22.

THOUSANDS of workers seeking higher wages defied Argentina's military Government today, shutting down three heavily used commuter lines of the state-owned railway.

A bomb also exploded at the Argentine National Railways main computer centre in a railway station during the night, causing extensive damage but no injuries.

A telephone call to the newspaper, La Nacion, claimed Montonero guerrillas were responsible for the bombing.

The wildcat strike by signalmen, conductors and ticket-collectors posed the year's most serious threat to the military Government's anti-inflationary wage restrictions, which are under attack from inside and outside the administration.

The strikers, members of two unions with a history of militancy, first paralised a line leading south-east from Beunos Aires to the provincial capital of La Plata on Tuesday afternoon.

Six hours later, the railway management warned the strikers they could be arrested and dismissed from their jobs.

There was no immediate move to enforce the warning, and by midnight the walkout had spread to lines connecting Buenos Aires with its northern and western suburbs. At least a million commuters in a metropolitan area of more than 9m people travel the affected lines daily. Leaflets issued by the strikers said they were earning the equivalent of $166 a month and demanding $277, which is close to what the government says the average blue collar worker earns.

AP

Armco forecasts small drop in steel consumption next year

BY JOHN WYLES

NEW YORK, Nov. 22.

A MARKEDLY optimistic forecast of a 1.7 per cent decline in U.S. steel consumption next year accompanied by a close to 20 per cent drop in imports has been produced by Armco Steel Corporation, the fifth largest steel company in the U.S.

The overall view of the economy taken by the company's research department is less gloomy than that taken by many private economists and foresees "a somewhat long, moderate downturn beginning near mid-1979 and stretching out to mid-1980." The consumer sector will lead the way into the downturn, says Armco, but the effects on the steel industry will be offset for a while by rising non-residential construction, a plateau in equipment purchasing by business and continued strength in energy markets.

Mr. Paul Harmon, manager of the company's economic research department, notes that shipments this year by the domestic steel industry will be less than 99.3m tons forecast earlier in the year, but the shortfall — probably 1.7 per cent — will be less than might have been expected. Imports are likely to finish about 1m tons higher than last year's 19.3m tons.

The economy (and steel consumption) has proved stronger than expected but not all of the extra imports have been absorbed, and the indications are that steel inventories, equalling two and a half months supply, are about half a month higher than they should be.

Armco's market-by-market analysis indicates that next year's steel consumption may be only 1.5m tons down on the 112.78m anticipated for 1978. Shipments by the domestic steel industry are expected to slip by 1.6m tons from the 97.6m predicted for this year and with inventories being produced, Armco foresees imports dropping by 4m tons to 16.3m.

Mr. Harmon says that the periodic surges in imports this year owed something to pure speculation against the possible impact of the Government's trigger price system. "The continuous fall of the dollar against the yen provided additional opportunity to buy at previous quarter trigger prices and resell at subsequent quarter higher trigger prices," observes Mr. Harmon.

He thinks that the defence of the dollar, if at all successful next year, should increase the risks attached to that kind of speculation.

Armco's predictions for each of the main steel markets next year are as follows: automotive vehicle and parts down 6 per cent (up 2.5 per cent in 1978), residential construction down 3.1 per cent (up 3.4 per cent), non residential construction up 1.6 per cent (up 5.6 per cent), service centres up 1.5 per cent (up 5.5 per cent), oil and gas drilling up 4.3 per cent (up 9 per cent), railway equipment up 8.4 per cent (up 22.9 per cent), shipbuilding up 1 per cent (up 1.5 per cent), containers up 1.6 per cent (up 3.6 per cent).

Castro will free 3,000 prisoners

BY DAVID BUCHAN

WASHINGTON, Nov. 22.

THE STATE Department today welcomed President Fidel Castro's announcement that he would free up to 3,000 political prisoners, most of whom are likely to want to join relations in the U.S. But continued concern about the Cuban military presence in Africa, and more recent alarm about Soviet arms transfers to Cuba, inhibit any speedy U.S. moves towards normalising relations with Havana, officials cautioned.

Speaking to leaders of the Cuban-American community, the Cuban President for the first time put an overall figure on the number of political dissidents he is willing to release from the Island's jails. He is reported to have said the prisoners would be freed at the rate of 400 a month.

Officials at the Justice Department, responsible for screening the Cubans before allowing them into the U.S., commented today that this was probably a higher rate than the department could handle.

Mr. Griffin Bell, the U.S. Attorney General, has been criticised for delaying the process, by insisting that he personally review each Cuban entry application to weed out potential security risks and criminal elements.

The Department has taken since mid-summer to process a first batch of 72 prisoners—two of whom were turned down for undisclosed reasons—and is now dealing with a second group of 72, plus their families.

Justice Department officials, while saying ways of speeding up the process were being discussed with the State Department, warned it was a time consuming procedure: initial checks in Washington, followed by on-the-spot interrogation by U.S. officials in Havana and a final review by Mr. Bell.

President Castro's denial yesterday that the Russian-built MIG-23 aircraft in Cuba had any offensive purpose was today echoed by Sr. Fernando Vecino Alegret, his Education Minister and former general, in Washington on a private visit.

Vance signs agreement on Great Lakes

By Victor Mackie

OTTAWA, Nov. 22.

MR. CYRUS VANCE, the U.S. Secretary of State, and Mr. Don Jamieson, Canada's Secretary of State for External Affairs, today signed a revised agreement on the quality of water in the Great Lakes.

The accord updates an agreement signed in Ottawa in April, 1972, which considerably improved the water quality. It stipulated that a review be undertaken within five years. The new agreement calls for extra measures to solve pollution problems which were not fully understood in 1972.

Mr. Vance was to meet Mr. Pierre Trudeau, the Premier, and members of his Cabinet this afternoon, for talks on cars, fisheries, trade and energy.

Inquiry urged into Guyana sect

BY HUGH O'SHAUGHNESSY

GEORGETOWN, Nov. 22.

THE MURDER of U.S. Congressman Leo Ryan and four companions by members of the People's Temple sect in Jonestown, Guyana, and the mass suicide of People's Temple members, is having political consequences for the Socialist Government of Prime Minister Forbes Burnham.

The opposition People's Progressive Party, of Dr. Cheddi Jagan, a Moscow-line Communist, and the Working People's Alliance, of Mr. Eusi Kwyana, are calling for an investigation of the sect and the circumstances under which they were given land and were in possession of large quantities of foreign exchange. The residents of Guyana, are not normally permitted to retain foreign exchange.

Twelve U.S. military aircraft, including nine helicopters and some of the largest transport aircraft in the U.S. Air Force, are being deployed here today on the task of ferrying to the U.S. the corpses of some 405 members of the People's Temple sect from Jonestown, a jungle camp in North East Guyana.

It is expected that the corpses will begin to be moved from Jonestown within the next 24 hours. The Guyanese Government is reported to be anxious that the corpses from Jonestown should not be buried there, given that Guyana's facilities are limited and that the repercussions of the incident are likely to continue for some time.

Several hundred members of the sect who fled from the site are still unaccounted for, and the chances of their survival in the inhospitable jungle of the area become hourly more slender. The Guyana Defence Force is mounting a search and rescue operation for them, and the U.S. military task force is offering its assistance.

U.S. COMPANY NEWS

Tiffany's in merger talks with Avon Products: Iacocca organises reshuffle at Chrysler: Arabs claim Lance will have no role in Financial General Bankshares. Page 33.

OVERSEAS NEWS

Indonesia reacts to devaluation

By David Housego, Asia Correspondent

THE MAJOR political risk that President Suharto's regime has taken in Indonesia by sharply devaluing the rupiah was underlined yesterday by official and semi-official statements in Jakarta calling on people to ignore attacks on the government's policy and remain calm.

In the confusion after last week's announcement that the currency was being devalued from 415 rupiah to the U.S. dollar to 625 to the dollar, most shops remained closed for two days and then in a panic reaction marked up prices by 30-50 per cent for both foreign and domestically produced goods. There has been some reduction since then particularly for essential commodities over which the government has some influence. But Admiral Sudomo, the head to the state security organisation, yesterday warned against hoarding of state-subsidised commodities and told people not to be influenced by attacks on the new policy.

Among Jakarta's business community, reaction to the devaluation—designed to broaden the base of Indonesia's exports and increase jobs through encouraging private investment—has generally been adverse. Manufacturers who have financed equipment purchases through foreign credits are faced with higher repayment charges in rupiah terms on outstanding borrowings.

Critics of the measure also argue that the anticipated increase in exports and investment will be nullified by familiar bottlenecks of bureaucratic delays in obtaining licences and customs clearance, illegal taxes levied by officials and the country's inadequate infrastructure. They feel that these hazards will wipe out the cost advantage of the devaluation and once again make Indonesian goods uncompetitive.

Western bankers see the decision as a bold step taken before a devaluation was forced on the government by declining oil revenues and the high cost of domestic industry. The timing of the move—apparently initiated by Widjojo Nitisastro, Minister for Economics and Finance—reflected the government's belief that the economy was now stronger than it is likely to be in the years ahead. On official figures inflation so far this year has come down to under 10 per cent, the foreign exchange reserves stand at a healthy $3.5bn and the rice harvest this year at 17.5m tonnes is 10 per cent above last year's level.

The measure will in rupiah terms add 50 per cent to the revenues the government receives from oil which last year amounted to $7.2bn, or 70 per cent of export earnings. It will also provide higher rupiah earnings from traditional exports of such commodities as rubber, timber and tin which the government hopes will be ploughed back in higher investment. The measure is being publicised in Indonesia as launching the new development plan with its emphasis on increasing employment.

New Iranian government wins confidence vote

TEHRAN, Nov. 22.

IRAN'S NEW military government of General Gholam Reza Azhari today won a vote of confidence in the Majlis, the lower house of parliament, by 191 to 27 with six abstentions.

This was stronger support for the military government than for its predecessor which won the Majlis's confidence on October 31, with 176 votes for and 35 against.

The Government of nine generals and 12 civilians was appointed by the Shah on November 6 after bloody street violence and extensive strikes which paralysed the civilian administration of Jaafar Sharif Imami.

The Majlis met this morning shortly after rumours swept the caiptal that its building had been set on fire by demonstrators. But officals said the rumours followed a small fire caused by a blocked chimney in a building near the Majlis housing the parliamentary printing press.

Today's vote came as the official Pars news agency reported the opening of the first trial involving officials accused of corruption. General Azhari promised in his Government's programme to launch an all-out effort against corruption in Government.

Pars said the trial involved four civil servants and two contractors accused of embezzlement and misappropriation of 14m rials ($500,000) in Government funds.

One of the military Government's first actions was the arrest on corruption charges of several officials and politicians, including former Premier Amir Abbas Hoveyda.

As telecommunications were partly restored and Iran was again sporadically in touch with the rest of the world, minor violence and scattered work stoppages were reported from different parts of the country today.

Nobody appeared to have been injured. Martial law authorities in the southern city of Shiraz said three people were killed in violence there on Sunday, residents said. The authorities had earlier said there was only one death. Tehran bazaar closed after a shooting incident.

The country's oil production continued to rise officials said, as work gradually returned to normal in the oil industry, badly hit by a politically motivated stoppage which drastically cut production and stopped exports earlier this month.

Reuter

Israel sticks to the draft treaty

BY L. DANIEL

TEL AVIV, Nov. 22.

ISRAEL will not agree to a revision of the draft peace treaty with Egypt, which was approved by the Government here yesterday, nor to any additions, Mr. Moshe Dayan, the Foreign Minister, said at a briefing of Foreign Ministry staff and heads of departments today, according to official sources.

The treaty can be approved or rejected by Egypt, he said, and there was no reason for the Israeli team to return to Washington for further negotiations. The treaty is ready to be initialled and it remains to be seen whether Egypt wants to accept it as it stands, Mr. Dayan added. He also noted that it contains no Israeli concessions beyond those made at Camp David.

Mr. Dayan reaffirmed that Israel is willing to start negotiations immediately on administrative autonomy in the West Bank and Gaza, but will not accept any prior conditions. If the peace treaty is not signed, Israel will have to think in terms of unilateral steps on the West Bank, he said. This appears to mean the transfer of more powers to the local Arab population, even without the formal establishment of autonomy.

● Israel's budget for fiscal 1979-1980, starting next April 1, will be 4 to 5 per cent larger in real terms, than the current one, with most of the extra money allocated to the construction of new civilian and military installations inside Israel as a result of the transfer of the Israeli forces from Sinai.

According to the draft, which is to be submitted to the Government next week, the additional income will be derived entirely from higher taxes and increased charges for Government services. In order to restrain inflationary pressure, and to prevent too rapid devaluation of the Israeli pound, it is intended to inject foreign currency into the economy.

Other means of mopping up purchasing power foreseen in the draft are further drastic cuts in subsidies of basic foodstuffs; a ban on Government-financed development projects not yet started (including roads and public buildings); abolition of unlinked mortgages for young couples and immigrants; an increase in VAT; control of construction costs; a freeze on the number of civil servants; incentives for savings by the public; and further attempts to improve tax collection.

Succession problem for Algeria

ALGIERS, Nov. 22.

AS PRESIDENT Houari Boumedienne of Algeria lay dangerously ill in hospital in Algiers, attention focused on the question of his possible successor.

French medical sources said he was suffering from kidney failure after his recent return from Moscow where he underwent treatment for cancer of the bladder. American, French and Russian doctors were summoned to Algiers earlier this week, after the President, was rushed unconscious to hospital last Friday. He is reported not to have recovered consciousness since.

President Boumedienne has ruled Algeria since he ousted President Ahmed Ben Bella in an army coup in June 1965. He has repeatedly rejected suggestions that he should name a Vice-President or Prime Minister and as a result there is no obvious candidate for the Presidency among the remaining members of the Council of the Revolution which organised the 1965 coup.

Many of the original members of the council have died or gone into exile. Only Mr. Boumedienne, Foreign Minister Abdelaziz Bouteflika, and eight others remain. Until the President was taken ill, the council had not met for two years, but since the end of September it has been running the country, a fact which it announced formally on Monday.

Under the 1976 constitution a party congress must be convened if the presidency becomes vacant to designate the single National Liberation Front party's official candidate for the post. The nominee is certain of election as the only candidate.

Officially the Council of the Revolution no longer has any formal role in the state structure under the constitution approved in 1976, but it is considered virtually certain that the party candidate for the leadership would be a council member.

In the event of the death of the President the chairman of the National Peoples Assembly, Mr. Rabah Bitat, automatically becomes head of state for a maximum of 45 days until the election of the new president, but he is not eligible for the presidency in his own right.

Of the nine active members of the council of the revolution two hold army posts, Col. Abdallah Belhucet and Col. Chadli Benjedid.

Five of the other council members are ministers in the present government: Maj. Bouteflika, Maj. Mohamed Tayebi Larbi, Agriculture Minister, Col. Mohamed Ben Ahmed Abdelghani, Interior Minister, Col. Ahmed Bencherif, Minister of Water Resources, and Col. Ahmed Draia, Minister of Transport. Maj. Abderrahmane Bensalem is a member of the general staff and commander of the Algerian navy. Another council member, Maj. Mohamed Salah Yahiaoui, is administrative head of the National Liberation Front. He is regarded as one of the party's most likely candidates for the presidency in case of a vacancy, but he is believed to face opposition from several other possible candidates, including Mr. Bouteflika and Mr. Bencherif.

(Agencies)

More Uganda border clashes

By John Worrall

NAIROBI, Nov. 22.

CLASHES between Ugandan and Tanzanian troops appear to be continuing along the Uganda border despite President Idi Amin's statement that he was withdrawing his troops. But reports from the area are confusing.

President Amin's British-born aide, Major Bob Astles, said today that three mechanised platoons of Tanzanian infantry, attacking over the border, were driven back by the Ugandans, who captured mortars and other weapons and equipment. Uganda Radio, however, did not report the clash.

President Amin today denied yesterday's Tanzanian accusation that two Ugandan tanks were destroyed during an encounter in the Mutukula area of northern Tanzania and that the tanks were driven by men who looked like Arabs. "No tanks were destroyed and no Arabs were involved," the President said while addressing army officers.

The Tanzanian news agency Shihata said that in an earlier encounter north of the Kagera River last week many Ugandan soldiers were killed and others ran off in disarray, leaving equipment and their dead.

Reports from journalists who visited the area of Tanzania occupied by the Ugandans said that a church at Kyaka had been shattered by shellfire, shops had been looted, the Kagera sugar factory had been gutted by fire and the hospital at Bukoba was filled with wounded peasants shot by Ugandan troops. A Tanzanian International Red Cross representative said that 31,600 Tanzanians who fled from Ugandan troops were being sheltered in a camp near Bukoba.

Correction

FINANCIAL TIMES reported on Friday, November 17, that Japan registered an overall balance of payments deficit in October for the first time since November 1975. This should have read "Japan registered a seasonally adjusted overall balance of payments for the first time since November 1975." The last non-adjusted deficit was recorded in May this year.

In the same report it was stated that a current account surplus of $315m registered in October was "transformed into a deficit of $1.404bn ($1.184bn seasonally adjusted). This should have read: a current account surplus of $1.872bn in September was reduced to a surplus of $400m in October ($196m seasonally adjusted).

Violence stalls Lebanon recovery

Robert Cockburn, recently in Beirut, looks at the political instability which has prevented the investment needed for reconstruction.

Black smoke and flames rise above Beirut following the shelling of an oil storage area.

SPORADIC OUTBURSTS of fighting and occasional artillery bombardments have brought all reconstruction work in Lebanon to a halt. Dr. Mohammed Atallah, the chairman of the Council of Development and Reconstruction, freely admits that he can do nothing to help rebuild the country.

At the end of the civil war in late 1976 he was given the task of pushing ahead with reconstruction. At the end of last month he was to be found sitting in his Beirut home relying on a telephone that can only take incoming calls. The 12-man CDR team which he leads has not met since August.

He believes that the fighting in October, when Syrian forces poured artillery fire into East Beirut and the Christian areas to the north, was a more terrible blow than the civil war itself. "In 1976 there was still some fat left in the private sector and most people regarded the situation as temporary." Reconstruction requires confidence and confidence can only come with political stability. The latest round of fighting broke the nerve of Beirut's middle class which stayed in Lebanon during the civil war or had come back since. The February clashes between the Syrians in the 30,000-strong pan-Arab peacekeeping force could be dismissed as a hiccough, but any growth of optimism was dissipated as Syrian-Christian antagonism increased and finally culminated in the October fighting.

Two billion dollars' worth of government projects have now been shelved. They included the reconstruction of the port of Beirut, the downtown commercial area, the road network, telecommunications, water, electricity and a 6,000 unit housing programme.

Newly completed warehouses in the port, built to replace those systematically looted and blown up during the civil war, have all been damaged by shell and rocket fire. Peat Marwick and Mitchell, consultants for rebuilding the port, were forced to pull out.

The oil tanks at the Dora refinery were still burning weeks after they were hit by a shell. The contractor who was to expand and improve Beirut airport has withdrawn and tenders for the project are to be invited again.

The extent of the damage caused in the last round of fighting is still unclear, and this lack of information only deepens the mood of despondency in Beirut. The collapse of what was once the most sophisticated city in the Middle East is typified by the state of the hospitals for whose services there has been an ever-increasing demand since the spring of 1975.

The Hospital Hotel Dieu, one of the most important medical centres in East Beirut, was the victim of intense shellfire. The staff attribute this to a Syrian desire to break Christian morale. On its upper floors broken beds lie in heaps of wood, glass and masonry, saturated by the autumn rain pouring through the rocket and shell holes in the roof. The surgical, paediatric, intensive care and oxygen store are all out of action.

The final bill for this and other devastation could be over $3bn, Dr. Atallah says. So far his efforts to get financing for reconstruction have not met with much success. Funds promised by Arab states at the end of the civil war have only trickled into Lebanon, though Saudi Arabia did cancel the bill for crude oil delivered during the civil war.

A financial protocol signed with France earlier this year should have been a precedent for similar aid from other western countries. An initial loan of 240m francs at 3½ per cent over 30 years, assured French firms bidding for Lebanese contracts. But the summer and autumn fighting stopped anybody following the French example.

WORLD TRADE NEWS

Hong Kong mission wants better Japan trade balance

BY CHARLES SMITH — TOKYO, Nov. 22.

HONG KONG is "well on the way" to running a $2bn deficit on its trade with Japan, according to the Governor, Sir Murray Maclehose, who is visiting Tokyo with a party of the Colony's leading businessmen.

Sir Murray told a Press conference today that the ratio between Japan's exports to Hong Kong and its imports from the British Colony had risen from 5.5-1 in 1973 to 9-1 in 1978.

This fact had been "drawn to the attention" of Hong Kong by some of its other trading partners. Correction, or at least reduction of the trade gap would be in "our mutual interest," Sir Murray said.

He also pointed to a link between Japan's industrial investments in neighbouring Asian countries and the export performance of these countries in the Japanese market.

In view of this link, he said he hoped there would be Japanese "involvement in Hong Kong's economic future." The Colony had several "unique" advantages to offer Japanese companies seeking off-shore manufacturing sites.

The Hong Kong Trade Mission which Sir Murray is accompanying is said to be the most high-powered the Colony has ever despatched abroad, and has been received by top leaders in Japan, including the Prime Minister, Mr. Takeo Fukuda.

The mission includes the chairman of the Hong Kong and Shanghai Banking Corporation, Mr. M. Sandberg, the chairman of World-Wide Shipping, Mr Y. K. Pao, and the chairman of Jardine Matheson, Mr. David Newbigging.

Apart from the Governor, the Hong Kong Government is represented on the mission by the Director of Trade and Industry, Mr. David Jordan, and the executive director of the Hong Kong Trade Development Council, Mr. L. Dunning.

The main purpose of the Hong Kong mission appears to have been to ensure that the colony is not overlooked during the current round of Japanese manufactured goods imports promotion and to draw to the attention of the Japanese authorities to what is felt to be a very significant link between the pattern of Japan's overseas investments and its imports from newly industrialised countries.

The Japanese textile industry has established some 450 textile manufacturing ventures in neighbouring Asian countries, most of which depend heavily on the Japanese market, but only about 20 of these are in Hong Kong. The main recipient of Japanese investment in textiles has been South Korea which also has by far the biggest share of Japan's market for imported garments.

Hong Kong hopes to make a start in correcting this situation by persuading more Japanese firms to move into the colony, not only in textiles but also in fields such as precision machinery, and car components.

The mission is definitely not delivering a warning to Japan that failure to increase imports from Hong Kong might result in Hong Kong cutting back on its Japanese imports. This would be contrary to Hong Kong's free trade principles and would also directly damage its economic interests because most imports from Japan consist of semi-processed industrial raw materials.

Reuter adds: Hong Kong's visible trade deficit narrowed slightly to HK$561m (£56.6m) in October from HK$569m (£57.4m) in September, compared with a HK$480m deficit in October last year, according to provisional figures from the Census and Statistics Department.

Total exports (domestic exports plus re-exports) rose to HK$5.04bn from HK$4.94bn in September and HK$3.80bn in October last year, while imports rose to HK$5.61bn.

This brought the deficit in the first 10 months of this year to HK$6.58bn, up from HK$3.10bn in the same 1977 period.

Exports in the 10 months totalled HK$43.13bn and imports HK$49.70bn, the figures showed.

Swedyards wins $300m Pakistan plant order

By William Dullforce

STOCKHOLM, Nov. 22.

SWEDYARDS DEVELOPMENT, a subsidiary of the state-owned Swedish shipbuilding company, Svenska Varv, has won a $300m contract for the delivery of an ammonia plant to Pakistan. The order represents a major breakthrough in the hard-pressed Swedish shipyards' efforts to switch to engineering products other than ships.

The purchaser is Pakistan Ajman Fertiliser Corporation (PAFC), which is sponsored by Sheikh Humaid Bin Rashid, Crown Prince of the Emirate of Ajman in the United Arab Emirates, Devco International of Tulsa, Oklahoma, and Syed Muzammil Husain and Associates of Pakistan. The contract involves the construction of a plant to produce 1,000 to 1,725 tonnes of ammonia/urea a day for export at Lasbela in Baluchistan Province.

Under a completely new technique developed by Swedyards in co-operation with the Danish engineering company, Haldor Topsoe, prefabricated parts will be built at the Goetaverken Yard in Gothenburg, towed to the plant site and beached there. A large part of the installation work will be carried out by Siegfried Beacon Pakistan, while Haldor Topsoe will be responsible for the process engineering.

Iranian official sees gloomy outlook for foreign exporters

BY ANDREW WHITLEY — TEHRAN, Nov. 22.

A SENIOR Iranian economic official has painted a sombre picture of the prospects for exporters to and foreign investors in Iran after the current political crisis is solved.

Imports are likely to grow at a slower rate, and the emphasis in economic policy will switch away from large scale prestige projects to more mundane necessities, the Irano-British Chamber of Commerce was told on Tuesday.

In a speech which may well represent a watershed Mr. Abol Ghassem Kheradjou, managing director of the Industrial and Mining Development Bank of Iran (IMBDI) and a member of the country's top policy-making body, said that imports were likely to grow at a lower rate than the "advisable" six per cent a year. However the expected high rate of domestic inflation would require the supply of more consumer goods from abroad.

He spoke of what he called a "national economic policy" based on the facts of life and not on "daily whims." The new policies must be in keeping with the new mood of the country, with its strongly nationalist and anti-big business aspects. Mr. Kheradjou said that the emphasis in future would be on agriculture, housing and small-scale industry. These are all sectors of the economy that have not received as much attention as they required in the past five years.

Despite the current unpopularity in Iran of Britain and the U.S., he said that in his opinion the economic relationship with Britain was likely to continue, though it might develop at a slower rate. At its simplest, he said, the relationship was characterised as one based on Iranians being educated in the UK and Britain supplying spare parts to Iran.

Speaking about the thorny problem for the Iranian authorities posed by the de facto link of Iranian rial to the U.S. dollar the leading banker said the best solution would be a two-tier currency. He did not spell out the exact details of this.

EEC easier on Comecon fleet

BY GILES MERRITT — BRUSSELS, Nov. 22.

EEC TRANSPORT Ministers are to meet in Brussels tomorrow, to discuss a plan which in effect gives Comecon countries a six-month warning period before Community action is taken against unfair cargo shipping practices.

The Transport Council is expected to approve a European Commission proposal for a six-month fact finding programme during which time vessels using EEC ports would be closely scrutinised for monopoly practices and undercutting freight rates. The scheme, according to Commission officials, is intended to give such Comecon maritime powers as the Soviet Union, Poland and East Germany "due warning" of EEC reprisals that could range from heavy port surcharges to quantitive restriction on cargo carried to and from Community ports by Comecon.

The monitoring programme would result in a decision by mid-1979 on the Community's riposte to the State trading countries shipping activities. These have, since the early 1970s, gained for the expanding Soviet Union cargo fleet, 95 per cent of its bilateral trade with EEC countries, while in all, the Comecon carriers have captured 20 per cent of North Atlantic and Mediterranean traffic.

The EEC monitoring plan represents, however, a perceptable softening of the Commission's line on Comecon shipping. Earlier this year there were Commission submitted proposals to the Transport Council for action to "counter the aggressive non-commercial behaviour of certain East European shipping powers. The possible sanctions considered for use against the Soviet fleet included limits on the value of cargo carried and licensing of linir services.

French deny China loan report

By David White

PARIS, Nov. 22.

BANQUE NATIONALE de Paris, the leading French state-owned bank, today denied a report published here that it had signed an accord with China on a loan worth several billions of dollars.

The bank confirmed that a high-level mission had just returned from China but said that the report of a major loan agreement was "completely unfounded."

The report, which quoted banking sources in Hong Kong, said the loan related to French export contracts, principally for the supply of a nuclear power station.

Creusot-loire, parent company of the reactor manufacturer Framatome, confirmed that it was continuing negotiations with the Chinese for sale of a nuclear plant. But it said that it was premature to say that the deal had been concluded.

A French trade team headed by M. Jean-Francois Deniau, Foreign Trade Minister, is due to start a visit to Peking at the weekend, and it is widely expected here that his talks will culminate in the announcement of a wide-ranging agreement on exports and finance.

Framatome, which has recently seen its hopes dashed for extending its number of Iran export contracts from two reactors to six, will be represented at the Peking talks.

New talks on re-routing Siberian gas pipeline

BY RICHARD C. HANSON — TOKYO, Nov. 22.

MR HIROSHI ANZAI, chairman of Tokyo Gas leaves for Moscow on Friday for talks on proposed changes in the routing of pipelines in the U.S.-Japan-Soviet Yakutia natural gas resources development project in Siberia. Mr. Satoshi Sumita, the president of the Export-Import Bank of Japan, left earlier this week for discussions on the project.

Tokyo Gas is the main Japanese partner in the project. A basic agreement was signed in December 1974, with first deliveries of liquefied natural gas scheduled to start in 1975.

The Soviets have asked that the projected pipelines be laid on a route linking Yakutsk with Magadan, a Siberian port on the Sea of Okhotsk. The lines were originally to be built from Yakutsk to Olga Port on the Sea of Japan. The Soviets say the new route would be 1,300 kilometres shorter than the other, with considerable savings on the cost of the project. But Japan is worried that the northern port of Magadan may be impassable due to ice during the winter.

The proposed changes in the plan will be discussed formally at a meeting of the three partner countries in Hawaii next March. The U.S. and Japan estimate their share of the project costs at more than $3.9bn.

Prospecting so far by the Soviets has confirmed the existence of 825bn cubic meters of natural gas deposits in the Yakutia fields. Confirmed deposits of 1,000bn cubic metres is required under the agreement in order to fulfill the planned supplies of 10bn cubic meters of liquified natural gas a year for 25 years from 1985.

Rotterdam wins contract for E. European oil rig

BY DAVID SATTER — MOSCOW, Nov. 22.

ROTTERDAM SHIPYARDS has won an order for a self elevating offshore oil drilling rig worth $49m from Petrobaltik, a tripartite Soviet, Polish and East German company, for oil exploration in the Baltic Sea.

The order is believed to be the first for a large drilling rig for use in the Baltic and will be delivered in Mid-1979. Soviet, East German and Polish workers are to be trained in Holland in using the rig and in Yugoslavia where a similar rig is in operation.

There have been experimental drillings in the Baltic Shelf and small strikes in the Baltic off Kaliningrad which have yielded a certain amount of oil.

Petrobaltik has its headquarters in Gdansk and has also placed orders through the Polish Kopeks foreign trade organisation and the Soviet Technoexport foreign trade organisation in connection with geophysical exploration of the Baltic Shelf.

AP-DJ adds from The Hague: The Dutch Agriculture and Fisheries Ministry announced today that the Netherlands and the Soviet Union have agreed to co-operate in the agricultural sector following a meeting here between Dutch and Soviet experts. It provides for co-operation in activities such as cattle breeding, cattle fodder production and market gardening. The Dutch also proposed developing co-operation in the food, rural planning and water sectors.

Holland reduces deficit

BY CHARLES BATCHELOR

HOLLAND REDUCED its deficit on foreign trade in September to Fl 246m ($118m)—the lowest deficit since March. This was smaller than the Fl 325m deficit in September of last year and much lower than the Fl 876m in August 1978.

Imports in September totalled Fl 9.65bn ($4.64bn) while exports were Fl 9.41bn.

The volume of imports rose 6 per cent and of exports 7 per cent when the 2 per cent decline in prices for both trade flows is taken into account.

Holland has marked up a deficit of Fl 4bn on visibles in the first nine months of the year compared with a deficit of Fl 2.9bn in the corresponding period of 1977. Imports in the year so far total Fl 84.1bn while exports are worth Fl 80.1bn.

The increase in imports is to a large extent due to higher purchases of consumer goods. These rose 11 per cent in volume while investment goods and raw materials both rose only 3 per cent.

The latest Central Statistics Office survey of business opinion—for October—showed companies reported a slight increase in the volume of export orders.

Industrial activity showed little change in the month and no improvement is expected in the period to January.

The Ministry of Finance recently revealed that Holland's balance of payments on current account is expected to be in deficit this year following a surplus of Fl 1.1bn in 1977.

India, Russia discuss economic co-operation

BY K. K. SHARMA — NEW DELHI, Nov. 22.

DETAILS OF a long-term programme of economic co-operation between Russia and India—to cover a span of 15 years—are to be worked out in talks which began today with the arrival here of a Soviet team led by Mr. N. N. Inozemstev, deputy chairman of Gosplan.

A number of new areas of collaboration that will enable India to make use of substantial Soviet credits, which have remained unutilised for years, are expected to be identified.

The industrial projects are likely to be mainly in areas like ferrous and non-ferrous metallurgy, machine building and pharmaceuticals. These are traditional fields of co-operation and talks have already been held in Moscow on aid for a 3m-tonne steel plant at Vishakapatnam, Andhra State, and an alumina plant based on the massive bauxite finds along the eastern coast.

The current talks are also expected to identify new areas such as agriculture, geology, food processing, paper and pulp, building materials and light industry. An integral part of the programme is joint design and construction of industrial and other projects in third countries, mainly in the Middle East.

The decision that a long-term programme should be worked out was reaffirmed when India's Foreign Minister went to Russia in September.

The agreement that is to be signed next week is significant in view of moves for closer relations between India and China which, the Indian Government has declared, will not be at the cost of the close ties with the Soviet Union.

HOME NEWS

Shawcross criticises Companies Bill

BY ANDREW TAYLOR

LORD SHAWCROSS, chairman of the City's Takeover Panel, yesterday described as "absolute nonsense" a section of the Companies Bill dealing with legal requirements on company directors.

Speaking at a conference on the regulation of the British securities industry, Lord Shawcross emphasised that he favoured legislation on insider dealing, but the Companies Bill, which received its second reading this week, needed "considerable amendment."

He was scathing about clauses in the Bill which, he said, would prevent the courts from referring to previous cases and decisions involving company directors, thus wiping out an important section of common law.

He said that the concept of precedent in common law on the issue would be replaced by an "inadequate statement" on directors' legal requirements.

Lord Shawcross denied that the City was divided over legislation on insider dealing. It was concerned, however, about some details of the Bill. "The controversy is about the small print," he said.

He added that City bodies such as the Takeover Panel and the Stock Exchange had set out changes that they would like in the Bill and were prepared to assist in drafting the "needed amendments." He denied that the City was "being feeble" about the issue.

However, he found it "most extraordinary" that some Conservative MPs should oppose the Bill. Mr. John Nott, the Shadow Trade Minister, advised Tory backbenchers this week that he could not be expected to advise them to vote for proposals that would damage legitimate share dealings and share management.

Lord Shawcross said that he wanted legislation on insider dealings "not because I expect many prosecutions but because it will help to fortify and consolidate the climate of opinion which condemns it."

Liverpool wants to axe 700 dock jobs

BY RHYS DAVID

PORT EMPLOYERS in Liverpool are seeking a reduction of about 700 in the total docks labour force of 6,000 because of the continued depression in general cargo traffic.

The proposal, which involves voluntary severance, was put before the local docks labour Board earlier this month and is likely to be considered shortly by the National Dock Labour Board in London.

It involves three cargo-handling companis, the Mersey Docks and Harbour Company, the port operator which wants to reduce its labour force of around 4,000 by 500, and two independent concerns, West Coast Stevedoring and Huskisson, which want reductions of 200 and of 11 respectively.

The proposed cut is roughly equivalent to the average daily surplus of dockers at the port, which has already reduced its labour force by more than half over the past 10 years.

The drop in employment has followed the introduction of mechanised cargo handling methods, and containerisation, which has led to a substantial reduction in the volume of general cargo at Liverpool and other ports.

Ports throughout Britain have also been affected by the depression in world trade. A warning was given some time ago that further cuts in the Mersey Docks labour force would be needed if no recovery emerged.

In spite of these problems, Liverpool has continued to operate at a profit. It recorded a surplus of £1.78m in the first half of this year, after a £4.6m profit in 1977, and £5.2m in 1976.

The port has been drawing attention recently, however, to the severe burden now being imposed upon it by severance payments. A recent reduction of 300 in the labour force has cost the port £2m in severance payments, and further cuts of 500 will cost the Mersey Dock and Harbour Company even more. The maximum payable is around £7,200 per man, depending on the length of service.

Efforts to bring new trade to the port to compensate for the decline in general cargo may get a boost from the decision this week by the UK-Ceylon shipping conference to cut its east-bound cargo surcharge at Liverpool from 17½ per cent to 5 per cent.

The surcharge adds to the cost of goods exported from Liverpool, and the port has been pressing for it to be removed for some time. It will now be asking shippers moving goods from Ceylon to Britain to take similar action.

The port authorities are also hoping the India-Pakistan-Bangladesh conference will remove its surcharge.

Liverpool is also hoping to benefit from increased UK-China trade. A six-man delegation from the Chinese National Chartering Corporation visited the port this week to inspect facilities.

SP Industries heads for a smaller profit

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

SP INDUSTRIES, BL's specialist engineering division, is heading for a much lower profit than last year, largely as a result of labour stoppages and the effect of the weak dollar in export markets.

Latest figures circulated confidentially to senior management show that the division made a profit of £7.1m before interest and tax for the first nine months of this year.

That compares with a budgeted figure of £17m for the full year and a profit of £12.1m last year. Investment has had to be cut by £5.8m, although still more than last year.

The construction equipment division of Aveling Barford and the Prestcold commercial refrigeration group face most difficulty. But Coventry Climax, which has so far this year been on target, is in the midst of a serious industrial dispute and faces a downturn.

The most serious deterioration in profitability has been at Aveling Barford, one of the country's biggest construction equipment companies, which has reduced its workforce by 200 under a voluntary redundancy scheme introduced last month. The unions were told that there would be 450 redundancies, but a bigger cut must be possible as trading declines further.

Last year, Aveling Barford made a profit before interest and tax of £3m, followed by a loss of £200,000 by the middle of this year. The latest figures show that the position has worsened to a nine-month loss of £1.6m and it seems likely that the loss will be about £3m by the end of the year.

Aveling Barford exports three-quarters of its production to markets dominated by the big American manufacturers. Prices have been weakened by the fact that the devalued dollar has helped these companies in an industry where prices in any case are quoted in dollars.

Although the dollar has recovered some lost ground, prices are likely to remain weak because there is over-capacity.

Prestcold has also been facing difficult markets, and profits have slipped in the first nine months to less than half the budgeted £1.8m. The company's David Scott division suffered a 14-week strike at its Glasgow plant this year.

The strike at Coventry Climax's Warrington Conveyancer plant, which SP Industries bought from Rubery Owen last year, is in its eighth week. The dispute arose out of the company's refusal to meet the pay demands of the work force, which are believed to be for a 20 per cent increase.

Suspension of 386 hourly paid staff followed sanctions by the employees, although another 500 staff are working normally.

The group's Alvis military vehicle manufacturing offshoot has also suffered a recent strike by its inspectors. The matter is under investigation by the Advisory, Conciliation and Arbitration Service. Profits have not been severely affected, however, and the group's Self-Changing Gears division stands out as having nearly doubled its budgeted profit to £1.1m in the first nine months.

Freddie Mansfield

TRI-ANG PEDIGREE workers from Merthyr Tydfil meeting Mr Ted Rowlands, their MP, outside the House of Commons yesterday. The workers were protesting at the Government's decision to close the factory before Christmas with the loss of 340 jobs. They claimed that the Government should have been allowed more time to make the toy factory viable especially since the toy market was picking up.

Liquidator to start legal actions

BY ERIC SHORT

POLICYHOLDERS and bondholders with the collapsed Nation Life Insurance are being paid a fourth dividend amounting to 9p in the pound. This will bring the total payments since the company went into liquidation in 1974 to 73p in the pound.

Mr. Gerry Weiss, senior partner in W. H. Cork Gully and Co., the liquidator, in a letter to policyholders, stated that almost all the assets of the company have either been sold or sale has been negotiated. He warned that any further realisations would take a considerable time and that it may be several years before the next and final payment would be made.

He also told policyholders that he is to institute legal proceedings against a former officer of the company and against professional advisers to the company, arising from the purchase of a number of properties.

Nation Life's problems centred on a Bournemouth property complex acquired for £4m. The property was valued as a redevelopment site by surveyors Herring Daw in 1973 at £5m. Development did not take place however, and after the collapse in 1974, another independent valuer, Savills, said the site was worth just over £1m. In the event, the liquidator sold the properties earlier this year for about £880,000.

Statement

Mr. Peter Harvey, joint managing director of Herring Son and Daw—the name the surveyors now carry after dissolving a merger with the firm of Brian James—said yesterday that it had received no communication from Nation Life or its solicitors.

The liquidator has also sent policyholders and bondholders a statement of the latest financial position of the fund as at October 24, 1978. This showed that he has received a total of £23.8m from the assets already realised, compared with an estimate of £25.4m for the value of realisable assets in the company statement of affairs.

Out of this, the liquidator has distributed £20.3m. The liquidator said that all expenses of liquidation have been paid from income. The accounts show that more than £900,000 has been paid to the Official Receiver, the liquidator and the Trade Department, and more than £500,000 has been paid in income and corporation taxes.

Stockholm talks bid for lower air fares

By Michael Donne, Aerospace Correspondent

THE UK will be pressing for substantially cheaper air fares between this country and Scandinavia when the next round of talks on a new Anglo-Scandinavian air agreement is held in Stockholm on December 18.

This will be the seventh series of meetings between the parties since the Scandinavians gave notice a year ago that they intended to terminate the present air agreement from December 31.

If no new agreement is reached by them, air services between the UK and Scandinavia could come to a halt. But UK officials are optimistic that this will not happen. They believe the Scandinavians are now so well aware of the disadvantages of allowing such a break that they will seek to avoid it.

In addition to cheaper fares the UK is seeking more opportunities for British independent airlines in the Scandinavian market to redress the current balance, which favours Scandinavian airlines.

The UK has pointed out that of total traffic between the UK and Scandinavia, 38.8 per cent last year was carried on charter flights, mostly by Scandinavian airlines, with Sweden having the biggest single share of this traffic.

Two Scandinavian charter operators, Sterling and Scanair, have what are called "fifth freedom" rights—that is, they can pick up passengers in countries other than their own, and bring them into the UK. But from January 1 this traffic is likely to be stopped, or at least curtailed.

The UK is also anxious to see some UK-Scandinavian traffic using Gatwick airport, although it does not want to see all such traffic moving from Heathrow.

● The Department of Trade confirmed yesterday that it has had no response to the invitation issued recently by the Government to the Spanish and Portuguese Governments to send top-level teams to Gatwick to satisfy themselves that it is a suitable airport from which to operate.

Burmah's final battle for BP papers starts

BURMAH OIL yesterday started its last-ditch battle to force the Government and the Bank of England to release confidential documents relating to Burmah's former stake in British Petroleum.

Burmah believes the documents could be essential to its pending £179m court action against the Bank, in which Burmah is claiming the return of the BP shares that it had pledged with the Bank, in return for a support package deal to help the company out of its financial crisis in 1974.

Burmah asked the Appeal Court to overturn a High Court ruling in July, that the Crown was entitled to withhold production of certain documents in the interests of the proper functioning of public services.

Mr. Andrew Bateson QC, for Burmah, asked Lord Denning, Master of the Rolls, Lord Justice Bridge and Lord Justice Templeman, to rule that the High Court judge was wrong to hold that the Crown could claim privilege for the documents and wrong to say the onus was on Burmah to persuade the courts to look at and then order the documents' production.

Burmah wants to look at 62 documents including minutes of meetings between the Treasury, the Energy Department and the Bank of England; personal communications between ministers; and memoranda of meetings between ministers and senior Government officials and representatives of major companies.

Until it sees the documents, it claims, it does not know how essential they may prove to the main action against the Bank.

However, the High Court ruled that Burmah had to prove in advance that the documents were essential in order to get an order for the Government to produce them.

The hearing continues tomorrow.

Nationwide aids Brent on urban renewal plan

FINANCIAL TIMES REPORTER

THE Nationwide Building Society is to provide over £½m to help with the urban renewal programme in the London borough of Brent.

Under a scheme developed jointly with the Brent Council, the Nationwide will make money available over the next year to help home buyers and existing home owners in the borough's housing action areas.

Funds will be provided both for house purchase and improvement work.

The building society said that a detailed programme had been worked out to promote mortgage lending in action areas, where the lives of many older properties could be extended by renovation.

It added: "The society will be doing its utmost to help home buyers in these areas including undertaking to provide mortgage finance on the valuation of properties in their future improved state.

"Grants to meet part of the cost of improvement work will be available from Brent, and Nationwide will assist with meeting the balance of the cost, as well as providing finance towards the initial purchase of the property if required.

"In such cases, Brent is prepared to waive its right to the repayment of improvement grants if a buyer moves."

The Nationwide hopes that the experimental Brent scheme will eventually be repeated elsewhere.

● The North of England Building Society and the Newcastle and Gateshead Building Society are to merge, establishing a new society with assets of more than £46m.

Newcastle offer

TWO YEARS rent-free use of advance factories is to be offered to industrialists by Newcastle-upon-Tyne City Council to encourage them to move into the area.

Commerce Chambers back EMS

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

STRONG SUPPORT for British participation in the proposed European Monetary System comes today from the Association of British Chambers of Commerce.

The Association, to which 85 Chambers of Commerce throughout the UK are affiliated, says it is the unanimous and uncompromising view of its membership that Britain's full and wholehearted participation in the system is "essential for the prosperity of British business and the development of the British economy."

This view is set out in a policy paper, entitled "The Case for EMS" which is published this morning and is based on discussions throughout the UK.

The paper says that "from these meetings a clear consensus has emerged that EMS is a sensible objective; that it can be made to work; that UK entry into EMS would bring real benefit to British business; and that accordingly the Government should work positively to this end."

The association says "its call for British entry is in no sense an office view but emphatically a response from the representatives of a wide cross-section of the business community throughout the country including the majority of the nation's exporters."

The report argues that many of the problems which have been associated with entry into the system will have to be tackled anyway, and the system would provide a method of retraining British governments from financial irresponsibility and inflationary policies which undermine productive capacity.

The paper warns that if Britain opts out of the system, the consequences for the financial services sector and the City of London would be catastrophic.

The association's enthusiastic support for British entry contrasts with the more cautious view of the CBI.

Letters show depth of TV rift over £5m soccer deal

By Arthur Sandles

THE GULF between the BBC and the Independent Broadcasting Authority over the ITV-Football League £5m exclusive soccer coverage deal is disclosed in recent correspondence between the directors-general of the organisations: Sir Brian Young, of the IBA, and Mr. Ian Trethowan, of the BBC.

BBC fury at the deal is reflected in Mr. Trethowan's icy comments, and ITV disdain illustrated by such remarks as "The companies have ... joined the game under your rules."

The BBC feels seriously disadvantaged financially and ITV considers that the BBC is culturally arrogant, believing that main sports are its to cover as of right.

Once the deal became public, Mr. Trethowan wrote to Sir Brian that the BBC was considering what legal redress it might have. "We are greatly surprised that the authority, being the proper regulatory body in independent television, should apparently let this situation pass without intervention or comment."

Sir Brian says the BBC's clear message has been that, in sport, competition rather than co-operation should prevail.

Auditor-General 'must be allowed to probe NEB'

A CONSERVATIVE MP yesterday accused the Government of "arrogant disregard for Parliament" in not allowing the Comptroller and Auditor-General to investigate the affairs of the National Enterprise Board.

This followed a reply yesterday from the Treasury to recommendations in the 1977/1978 Parliamentary session by the Commons Public Accounts Committee. The Treasury said it was still considering the whole question of the accountability of statutory bodies to Parliament. But Mr. Michael Grylls, MP for Sutton North West, failed to get an emergency debate on the issue.

The Treasury agreed with a wide variety of recommendations ranging from cash limits to the procurement of police equipment. But it failed to commit itself yet on what many backbenchers regard as the committee's most important recommendation namely the accountability of state-funded bodies to Parliament.

This will probably be dealt with during the debate on the Treasury's reply expected next month.

State spending plans of Public Accounts Committee backed

THE TREASURY is broadly in agreement with the Public Accounts Committee about the proposed simplification of public expenditure control.

Mr. Joel Barnett, the Chief Secretary to the Treasury, announced in early August that the long-standing supply estimates, submitted for parliamentary approval each spring,

Committee of Public Accounts reports reviewed by Financial Times reporters.

would be merged with the cash limit controls on money outlays. The changes in the price basis and structure of estimates are to be implemented as far as possible in the financial year beginning next April.

This is in line with proposals submitted by the Treasury in the spring and generally endorsed by the committee in its report.

On the more detailed points, the Treasury merely notes the committee's recommendations without making any new commitments.

The committee's recommendation that until cash limits are completely assimilated with the estimates, the Commons should be given an opportunity to debate cash limits on a motion to approve the White Paper will be "considered in the light of the progress achieved towards full assimilation when the estimates for 1979-80 are presented. A major purpose of the proposed assimilation is to improve the means available to Parliament for controlling expenditure."

On the possibility of extending the coverage of cash limits, the Treasury repeats its view that the policy is to apply cash limits in all areas where they are feasible, as the committee recommends.

The Treasury has been opposed so far to extending cash limits to demand-determined programmes such as social security and unemployment benefits where the level of expenditure is regarded as particularly uncertain and is outside the Government's control.

The Treasury says in its reply that it shares the committee's view that the reasons for under-spending should be identified before action is taken to reduce it. The Government investigates the causes of under-spending whenever it occurs on a significant scale.

"The committee's recommendation that the building-in of contingency margins should be avoided as far as possible when cash limits are settled is relevant to this. The Treasury agrees with the committee's recommendation and will continue its efforts to ensure that provision in the estimates is tightly drawn."

The result of the Treasury's proposals to merge the two systems will be that Parliament will effectively vote the cash limits which have hitherto been applied only by administrative decision.

Under the new system the estimates, including those not cash limited, will be based as far as possible on a forecast of pay and prices at the time when the spending is to take place, so that they will provide for the full intended cash cost during the year ahead.

Up to now this has been the basis of cash limits which were introduced in their present form in 1976-77. But the parliamentary supply estimates have been based on prices known at the time they were prepared, usually four or five months before the start of the financial year.

Treasury Minute on the Reports from the Committee of Public Accounts session 1977-78. Command 7402. SO. 70p.

Leyland advised to raise productivity

THE GOVERNMENT has taken the opportunity in its reply to the committee to repeat previous warnings that productivity and production at BL, formerly British Leyland, must improve before the car group receives any further substantial injection of public money.

"The Treasury, the Department (of Industry) and the NEB (National Enterprise Board) share the committee's view that production and productivity need to be raised to internationally competitive levels.

"The extent of progress towards this objective will be an important consideration in the NEB's and the Government's annual reviews of the company's performance, which will precede decisions about future public funding," it is stated.

The Government also suggests that it is important in the longer term for BL to make a "fully satisfactory" return on capital employed. And it promises that financial targets for BL after 1981 will be considered when the group's updated corporate plan is received towards the end of the year.

Housing association funds to be scrutinised

THE TREASURY and the Department of the Environment have welcomed the committee's decision to launch further inquiries into the finances of housing associations.

In October, the committee reported on investigations it had made into the affairs of two housing associations which, it said, presented "a disturbing picture which could involve the misuse of public funds."

The committee also complained at the confidential status of the accounts of housing associations, which receive large sums of public money. In 1977-78, they received £500m in grants under the 1974 Housing Act.

MPs also want to see the associations' parent body, the Housing Corporation, brought more firmly under Parliamentary scrutiny. They want the Comptroller and Auditor-General to have access to the books of the corporation so that he can, if necessary, report to Parliament upon the exercise of its functions.

Clamp-down on comfort letters expected

THE GOVERNMENT is tightening up its control over the way that its Departments and other public sector agencies issue comfort letters to underwrite the financial responsibilities of their subsidiaries.

This follows a statement from the public accounts committee that it believed the issuing of such letters could undermine the parliamentary control of public expenditure because the letters could be used to change financial limits set by Parliament.

"Departments have now been advised by the Treasury to regard the issue of a comfort letter as a procedure to be adopted only in exceptional circumstances and after consultation with the Treasury," said yesterday's Minute.

But the Minute adds that the Government does "not believe it would be practicable to introduce systematic procedures for authorising or reporting to Parliament the issue of comfort letters by [illegible] bodies."

Executive Leasing car deals are investigated

FINANCIAL TIMES REPORTER

FRAUD SQUAD officers have started investigations into several transactions involving cars handled by Executive Leasing, which went into Receivership last month.

Some potential bidders have approached the company since Barclays Bank appointed Mr. Peter Copp, of Stoy Hayward, Receiver on October 23.

Mr. Copp said yesterday that Executive was still in business, and he hoped to sell the company as a going concern. He stressed that leasing agreements with Executive, and also with Brown Shipley's Lease Management Service company, which handled some of Executive's business, were secure.

In the year to March, 1978, Executive made pre-tax profits of £93,000 on a turnover of about £3m. Mr. Michael Portasnik, chairman of Executive, said yesterday that the company had suffered cash-flow problems caused partly by a shortage of cars and partly by a drop in leasing business.

Rail car ferry rates to rise by 12½%

Financial Times Reporter

BRITISH RAIL SEALINK will raise its cross-Channel car ferry rates by 12½ per cent in January, a month after BR Shipping Division is expected to report end-of-year trading profits of 20 per cent more than last year.

Motorists on short-sea services from Dover and Folkestone face rises of 10 per cent, also from January, and fares on all other Continental routes and those to Eire will rise by 7½ per cent.

The rises are the first for two years. They come into effect in the same month that British Rail raises fares by an average of 9 per cent.

The improved trading profits are the result of more car and passenger holiday traffic from Britain. Mr. David Kirby, general manager of BR Shipping and International Services Division, said it would comfortably exceed last year's profits and the division's targets.

BR Shipping made a trading profit of £6.5m last year and port operations £2.5m. Sealink carried a million more passengers and 200,000 more cars this year. [illegible] to continue.

European pictures bring high prices at Sotheby's

EUROPEAN PICTURES set their best prices for some time at Sotheby's yesterday. An attractive view of "Le Boulevard des Italiens" in Paris, painted in 1889 by Edmond Grandjean, made £28,000, plus the 10 per cent buyer's premium. It was an auction record for the artist. Another artist's record was £26,000 from a private English collector for a portrait of Antonin Proust by the Swedish painter Anders Zorn.

The same sum secured a sunset landscape by Barend Koekkoek. A German dealer gave £24,000 for "Old Amsterdam" by Willem Koekkoek.

The Piccadilly Gallery paid £22,000 for "House in Noordwyk Binnen" by Max Liebermann. Another artist record was £21,000 for "Cattle Market" in Tachem by Karl Stuhlmuller.

"La République," by Charles Giron, well over 14 ft by almost 22ft, and the largest painting sold at Sotheby's, for many years, made £8,500. It shows figures in front of the Madeleine.

The three sessions of Sotheby's jewels sale at Zürich totalled £4,836,506, with 20 per cent bought in. A diamond ring with a pear-shaped diamond weighing 20.56 carats made £413,173, an auction record price per carat of £20,095 for a white diamond. A pair of 19th-century emerald and diamond ear pendants fetched £149,700. There was good U.S. bidding. Art deco and antique jewellery were in especial demand.

Henry Spencer started a three-day sale at Strelley Hall, Nottingham, with a first-day total of £336,000. High prices were paid for nine paintings by John Ferneley Snr, including £49,000 for the Shooting Party and £39,000 for another shooting landscape.

At Christie's the high price of £42,000 was paid by How of Edinburgh, the London dealer, for a pair of William III wall sconces by John Martin Stockar. They had previously sold at Christie's in 1892 for £141 1s 7d. They made the top price in a silver sale which totalled £252,388. How paid £40,000 for an Elizabethan spice casket, 1589. A Charles II silver-gilt toilet service went to Shrubsole for £11,500. It made £5,500 six years ago.

هكذا في الأصل

National insurance up for higher-paid

BY ERIC SHORT

HIGHER PAID employees earning £135 a week or more will have to pay an extra 97p a week on their national insurance contributions from next April if they are not contracted-out of the State pension scheme, or an extra 65p a week if they are.

Most employees—those earning less than £120 a week—will pay nothing extra if they are in the State scheme and a few pence a week more if contracted-out.

This is the overall effect of the new contribution rates for 1979-1980 announced in Parliament yesterday by Mr. Stanley Orme, Minister for Social Security.

Basic contribution rates remain unaltered at 6½ per cent for employees and 10 per cent for employers (excluding the surcharge) in respect of employees not contracted-out of the State scheme, and 4½ per cent for employees and 5½ per cent for employers for contracted-out employees earning above the lower limit.

However, the raising of the weekly earnings bands has brought about the changes in weekly contributions.

The lower limit is now £19.50 instead of £17.50 and there is no liability on employees earning less than this weekly amount. The upper limit, which is about seven times the lower one, is fixed at £135 per week—up from £120.

The contribution rates apply to all earnings up to this limit, but the contracted-out pay the full rate on earnings up to the lower limit, and the reduced rate above this limit.

NATIONAL INSURANCE CONTRIBUTIONS

EMPLOYED

Weekly Contribution

Weekly Earnings	Not Contracted-Out: Employee Old	Employee New	Employee Increase	Employer* Old	Employer* New	Employer* Increase
£	£	£	£	£	£	£
90	5.87	5.87	nil	9.02	9.02	nil
120	7.80	7.82	0.02	12.00	12.02	0.02
125	7.80	8.14	0.34	12.00	12.52	0.52
135 or more	7.80	8.77	0.97	12.00	13.50	1.50

Weekly Earnings	Contracted Out: Employee Old	Employee New	Employee Increase	Employer* Old	Employer* New	Employer* Increase
£	£	£	£	£	£	£
90	4.05	4.10	0.05	5.75	5.84	0.09
120	5.24	5.30	0.06	7.39	7.49	0.10
125	5.24	5.50	0.26	7.39	7.77	0.38
135 or more	5.24	5.89	0.65	7.39	8.30	0.91

*excluding surcharge

SELF-EMPLOYED

Annual Profits	Annual Contributions: Old	New	Change
£	£	£	£
2,000	98.80	109.20	+10.40
4,000	198.80	196.70	−2.10
6,250	311.30	309.20	−2.10
6,500	311.30	321.70	+10.40
7,000	311.30	346.70	+35.40

The class two contribution payable by all self-employed persons has been raised from £1.90 to £2.10 per week, reflecting the general increase in the level of earnings. The rate for class four contributions also paid by the self-employed remains at 5 per cent, but this rate will be levied on earnings between £2,250 and £7,000. The present earning band is from £2,000 to £6,250.

The weekly rate for non employed persons, class three, will be £2 instead of £1.80.

The Report of the Government Actuary on the finances of the National Insurance Fund shows that he now expects a surplus of £247m in the current financial year. Previously, he forecast a deficit of £69m.

For 1979-80 he is forecasting a surplus of £34m after allowing for an 8½ per cent pension increase in November 1979.

Call for production engineer recruits

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

A Government-backed recruitment drive to attract more young people into the production engineering profession was called for yesterday by Mr. Joe Reeve, president of the Institution of Production Engineers.

The aim of the drive would be to boost productivity in the manufacturing industry.

Mr. Reeve told Mr. Eric Varley, Industry Secretary, who was chief guest at the institution's annual dinner. "We would like to see a concentrated, full-blooded, positive campaign directed towards recruitment, financed and led by the Department of Industry. In this, we would be very pleased to help in any way we can."

The Department of Industry has recently set up an industry/education liaison unit with an annual budget of £400,000. But Mr. Reeve said. "Good as this is —it is not enough

"If British industry is to be competitive, there is an urgent need for a large number of professional engineers, and in particular production engineers at chartered as well as technician engineer level.

"And for that we require the best of our youngsters to opt for production engineering as a career. There are probably four jobs waiting for every newly qualified chartered and technician production engineer."

About 270 people were likely to graduate in production engineering at universities and polytechnics this year.

Mr. Reeve said that "with the rapid advancement in technology. British manufacturing industry requires something up to ten times this number."

The role and status of the professional engineer in industry is the subject of a Government inquiry headed by Sir Monty Finniston.

The Finniston Inquiry has received about 700 written submissions from interested parties, and is in the process of taking verbal evidence from some of these bodies. It is expected to report in the spring of next year.

In his reply. Mr. Varley concentrated on the progress of the industrial strategy.

Wave energy aid pledge

GOVERNMENT assistance for wave energy research will be reviewed annually from next spring and funds will be increased if sufficient progress is made, Mr Alex Eadie, Parliamentary Under Secretary at the Energy Department, said yesterday.

Mr. Eadie, speaking at the opening of a wave energy conference in London, said that once researchers surmounted certain basic technical difficulties "the limitation to faster progress in wave power development" would not be money.

Last year the Government announced a £2.5m grant for wave energy research to be spread over two to three years.

Directory inquiries tries out computer

By Max Wilkinson

THE POST OFFICE is hoping to improve the telephone directory inquiry service through computerisation.

Eventually it hopes that all 60 volumes of the directory will be stored in a computer memory.

Operators would use a keyboard and screen terminal to call up information which would work rather like the computerised airline reservation system.

This would free operators from having to hunt through different directories to find the number of a particular subscriber.

Yesterday the Post Office launched a trial scheme in two centres.

The Post Office says directory inquiries operators now take an average of 53 seconds to respond to a request. It believes that this time could be cut significantly with the use of a computer.

The trial run is being carried out at Leatherhead and Leeds, where about half the country's telephone numbers have been placed on a computer file. The trial is expected to last about three months.

If successful, the system—developed in conjunction with International Computers Limited—is likely to be introduced throughout the 260 inquiry centres in the UK by the mid-1980s.

New Scottish mines considered by NCB

BY RAY PERMAN, SCOTTISH CORRESPONDENT

A NEW COMPLEX of collieries to exploit 180m tonnes of recoverable coal reserves in central Scotland is to be considered by the National Coal Board.

The field is known as the Hirst Seam and covers 100 sq. miles of Stirlingshire and Clackmannanshire. It is already being tapped at one end by the three pits which feed Longannet power station.

There are already plans to enlarge the existing workings by sinking a new shaft at Castlehill Colliery at a cost of £32m. But Mr. James Cowan, Scottish director of the coal board believes that further mines could be justified, and possibly linked to a new power station.

As a first step, he is to ask the board to authorise a £1m feasibility study, which would take a year to complete.

A decision to go ahead with a new pit or pits as a result of the study would mean a major investment, and it could be five or six years before production started.

Coal from the Hirst Seam has a high ash content and is unsuitable for some uses. It can, however, be burnt in modified power station furnaces, and any further exploitation is likely to be in close co-operation with the South of Scotland Electricity Board.

At present, the electricity board is increasing its nuclear capacity, but its overall policy is to balance generating capacity from different energy sources.

The Scottish area of the coal board recently began a £40m investment to tap new seams under the Firth of Forth at Musselburgh Bay, and is also exploring in South Lanarkshire and Ayrshire.

The area's loss last year was £3.3m compared to £4.7m in 1976-77. Mr. Cowan has said that Scotland should break even by 1980.

Fire at aluminium plant

BY OUR WELSH CORRESPONDENT

FIRE seriously damaged part of Anglesey Aluminium's smelter facilities in North Wales early yesterday.

A hot oil pipe in the smelter's green carbon plant, which makes anodes and linings for the electrolytic pots, burst, badly injuring a fitter.

A spokesman for the company said it was too early to ascertain the extent of the damage and whether basic ingot production would be affected.

Production at the smelter, which supplies about one sixth of the UK aluminium market, was continuing normally, he said.

Caution on effects of EMS for Britain

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

BRITISH ENTRY into the proposed European Monetary System would mean lower output and employment over the next three years than under the present regime of floating exchange rates, according to the specialist adviser to an all-party committee of MPs.

A report, published yesterday by the Commons Expenditure Committee on the monetary system* includes a memorandum on the possible results of UK participation by Mr. Terry Ward, adviser to its general sub-committee from the Department of Applied Economics at Cambridge.

He concludes that though different economic models currently in use might give somewhat different results, it is extremely unlikely that any would show the system to have a beneficial effect on output and employment assuming any plausible rate of inflation.

Mr. Ward has carried out simulations comparing a base run with estimates reflecting an unchanged or an annually adjusted exchange rate. He assumes a 6 per cent annual rise in world trade, a 4 per cent a year rise in world prices and that the UK earns balance of payments surpluses in each of the years 1979 to 1981 in order to be able to repay debt at the rate of £1.5bn in 1979 and £1bn in both 1980 and 1981. It is also assumed that a floating rate would maintain the cost competitiveness of British goods at the present level.

On this basis, total output, as measured by Gross Domestic Product, would be 2.7 per cent lower in 1981 and employment 375,000 fewer under a fixed exchange rate (EMS) than under a floating regime even if earnings only rose by 5 per cent a year.

However, if earnings increased by 15 per cent a year there would be a loss of GDP in 1981 of 8.4 per cent and 1.07m fewer people in employment.

With the exchange rate adjusted each year to restore cost competitiveness to its present level, there would still be a loss of 0.7 per cent to output and 125,000 fewer jobs in 1981 compared with the present floating régime on the basis of a 5 per cent rise in earnings. At 15 per cent wage inflation, there is a 2.2 per cent loss of GDP and 300,000 fewer jobs.

Mr. Ward says the corollary is that fiscal and monetary policy would need to be that much tighter under these versions of a monetary system to bring the lower output required to achieve a satisfactory balance of payments.

Mr. Ward says "there is little reason to suppose that the results are substantially different from those yielded by the Treasury model."

'Uninformative'

The memorandum is an appendix to the report which reaches no clear-cut conclusions but seeks to be a "guide to the evidence which identifies the main issues and points of dispute."

This follows a short inquiry by the sub-committee which included a public session with Mr. Denis Healey, the Chancellor, a visit to Brussels and the discussion of 25 submissions from "qualified economists and other competent persons."

The report is critical of the Treasury for its refusal to supply the sub-committee with any of its background documents about the effects of a monetary system on the UK.

The Treasury's memorandum is described as "uninformative." The report says: "It is interesting to note that the sub-committee was told in Brussels that the British Government had participated in public discussion of the scheme in Britain far less than other EEC governments had done in their own countries with the result that such discussion as there had been here had been mainly restricted to technicalities."

The report notes that the proposals are "something like a regional Bretton Woods system of fixed and adjustable rates. This means that on its own, it is far from being a major step on the way to European Economic and Monetary Union."

The merits of fixed versus floating exchange rates are discussed. The committee says it is doubtful if even a sufficient transfer of resources could have a beneficial effect on the ability to sustain exchange rate stability, and argues that the latter is only likely to occur if common policies are adopted to achieve economic convergence.

Impact

The report notes that if a monetary system was set up without prior convergence of economic performance, some in Germany fear that it would lead to greater inflation there while some in Britain fear that it would lead to greater deflation in this country.

"As far as we can ascertain the views of the Treasury at the time of writing this report, that institution seems to be among those who fear the results for the UK of immediate entry to the proposed EMS."

The report mentions certain problems peculiar to the UK—in particular, the remaining reserve currency functions of sterling and its use to finance a portion of world trade, the impact of its low rate of productivity growth, the existence of stricter exchange controls than in the rest of the EEC, and its special relations with Ireland.

The committee concludes that "in the end the question of whether Britain should join an EMS is a political one. It would be a step—though probably not a big one—towards greater European unity. . . . It may well fail and this could be a good reason for a pro-European being against it. It will probably only succeed if it leads to greater economic convergence . . . which many fear for quite opposite reasons.

"If it does lead to such convergence that will only be achieved if some body in the EEC (presumably the Council of Finance Ministers) determines what the common economic objectives of the EEC are and what each member State should do in order to achieve them. Achieving this by mutual agreement will not be easy."

The committee notes a point made by witnesses in Brussels that "it might be disadvantageous for the UK alone to remain outside an EMS, even if eventually that EMS were to prove a failure. For the UK and some other EEC countries to remain outside the EMS would, however, be quite a different matter. This would merely mean that the systems had been constructed to suit some countries but not others."

The report says that "none of our economists nor the clearing bankers would at present advise immediate entry, although some economists would advise changes in UK economic policies leading to entry in two to five years time."

The three clearing bank chairmen who gave evidence, although keen to enter the scheme, wished to see its commencement deferred until calmer international monetary conditions prevailed. "Although no one in these two groups was in favour of immediate entry, there are people who take the opposite view but they do so mainly upon political grounds."

* First Report from the Expenditure Committee Session 1978-79. The European Monetary System.

How strength can be an executive's ruin

BY MICHAEL DIXON

WITHOUT THE guarantee that their identity would be kept utterly secret, the hundreds of top managers would never have answered the question. "What," it asked, "would you least want your subordinates to know about you?"

Assured of anonymity, however, they did answer it. And when the results were collated by the researchers who conducted the survey in the U.S. not long ago, 94 per cent of the replies were found to be effectively the same.

What the top executives most *feared their colleagues knowing* was how inadequate they felt to do the jobs they were holding. Nor does one need many friends in the working world to know that the same self-doubt is by no means confined to people in the highest managerial ranks.

The American management consultant Allan Katcher agrees that the clandestine doubt is widespread, but would dispute that it is sensible. Our dreaded feeling of inadequacy in a job arises because we tend to be overly sensitive about the working skills we lack. In the bulk of cases, however, the reason why we are in the job is not that we can conceal our weaknesses, but that we can show more-than-compensating strengths.

Moreover, Dr. Katcher says, there is evidence that when some of us run into trouble in our work, it is not usually because of our lack of certain attributes. The fault more often seems to be that, in a tight corner, we tend to reinforce our working strengths beyond their usefulness to the point where they become counter-productive.

A person with the virtue of co-operativeness, for example, may easily react to stress by straying into the sin of being too easily influenced, and the taker of fast, decisive action may unwittingly trip over into impulsiveness. Likewise canny attention to detail can over-run into nit-picking, and self-confidence inflate into arrogance, and so on.

Blind

From this Allan Katcher and consultant colleague Stuart Atkins concluded that if people could learn to manage their strengths so as to stop short of extending them into excesses, they might generally be able to improve their work. But there is a snag.

Perhaps because of the tendency for over-awareness of weaknesses to blind people to their strengths, or perhaps because working managers are too busy exercising their skills to have time to identify them, people rarely seem to have any real certainty of what their strengths are in the first place.

So Atkins-Katcher Associates set about producing a fairly simple method by which people at work can identify the kinds of behaviour or "styles" on which they, or their colleagues, mainly rely in doing their jobs. *The method, called LIFO, turns* on a questionnaire in which people sketch in the ways in which they, or some other person being reviewed, would be most—and less—likely to approach 18 different aspects of working life.

"I feel most pleased with myself when I . . .", states the first question, for instance. And the person taking part is then offered the following four ways of completing the statement:

"act idealistically and with optimism.

"see an opportunity for leadership and go after it.

"look after my own interests and let others look after theirs.

"adjust myself to fit in with the group in which I find myself."

The ending most suitably describing the person's probable reaction is given four marks, the one next most suitable is given three, and so on.

Half of the questions, like the above, refer to the person's behaviour when the work is going well. But the other nine relate to times of stress, for example:

"In the face of failure, I feel it is best to . . .

"turn to others and count on them to figure out what should be done.

"fight for my rights and take what I really deserve.

"*hold on tight to what I* already have and keep a close eye on others.

"keep up a front and sell myself as well as possible."

Four styles

Now, in every question, each of the four different endings signifies what the consultants believe is a distinct style of working. The first ending *stated in each case indicates* the "supporting/giving" style. The second signifies the "controlling/taking" style. The third denotes the "conserving/holding" style. And the fourth indicates the "adapting/dealing" style.

So in completing the questionaire the person taking part has scored each of these styles high or low — within a range from nine marks minimum to 36 maximum — first, according to *his or her likely* behaviour when the work is going well, and second, according to the probable reaction under stress.

Take for instance the scores quoted by Ron Farr, United Kingdom personnel director of *Borg Warner's transmission* division, when he and Dr. Katcher explained the method during the Institute of Personnel Management's recent conference. The scores were as follows:

Supporting/giving — normal conditions 17: stress 16.

Controlling/taking — normal conditions 26: stress 22.

Conserving/holding — normal conditions 26: stress 29.

Adapting/dealing — normal conditions 21: stress 23.

There we have a manager who when things are going smoothly operates mainly by taking the lead albeit in a rather conserva*tive way and—assuming the* tendency for strengths to stray into excesses—liable to suffer from over-assertiveness and resistance to change. When times turn hard, however, he seems to move away from con*trolling towards adapting*, and to stiffen his conservatism which in turn increases his risk of becoming pernickety.

In fact, those were Mr. Farr's own scores, and he apparently feels that they present a pretty *fair picture of him.* But he added that they came as a bit of a surprise because previously he would have felt that, as a personnel and industrial relations manager, he would be mainly an adapting/dealing kind of worker.

Nonetheless he was thankful for the new information and so largely, he said, were nearly 170 other people in his company, ranging from top managers to foremen, who had voluntarily taken part in the same "individual effectiveness programme." It was, Mr. Farr concluded, "a good door-opener to further training."

Self-check

Psychologist Allan Katcher not surprisingly agreed, adding that while nobody in real life precisely fitted any one of the four distinct styles, the method did present people with an adequately reliable description of how they worked. Indeed, tests had shown that the assessments people made of themselves were generally about 86 per cent in agreement with the assessments made of them by fellow workers.

But even without the LIFO method, he told me afterwards, most people should be able to improve their work by pausing occasionally to review their style in the light of the evidence *that the main danger is not* weaknesses, but strengths that are pushed too far.

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Financial Director

c. £12,000 + car

Our client company which is located in the North West of England, forms part of a large manufacturing group and is well known in its own right. Much of their production which includes equipment for power stations and fabrications for military use is sold overseas; turnover is currently around £30 million.

They seek a mature and experienced qualified Accountant to contribute at Board level and control a financial function employing about 50 people. Board level experience acquired within the engineering industry is essential as is the knowledge of the financing of large overseas contracts. A starting salary will be negotiated around £12,000.

Male or female candidates should write in confidence to R. Varvill or telephone (24 hour answering service) for a personal history form quoting reference V/97/7.

The P-E Consulting Group Appointments Division
1 Albemarle Street, London W1X 3HF Tel: 01-499 1948

American Property and Casualty Broking

These appointments are with the American non-marine division of a medium sized Lloyds broking house which has recently completed a major reorganisation and now entered a period of carefully planned development for profit and growth under a new top management team. As part of these changes, the following key appointments are to be made in the American property and casualty business.

Director ***North America***
Suitable candidates are likely to be aged 30-35 and will have up to 10 years experience in the market, mostly in the North American sector. There are good existing accounts but the Director will need to command the respect in the market which will attract new business.
Salary circa £15,000. Car provided.

Assistant Director
Broking experience in the North American market, allied to technical and administrative capability, is being sought.
Salary £10–£12,000.

Brokers
Broking experience in the North American market is required.
Salary £7–£9,000.

Assistant Director ***South America***
There are good existing accounts. A sound technical grasp of non-marine insurance is the prime requirement in this newly established South American Department. Some travel is envisaged. Spanish required.
Salary £10–£12,000.

The re-structuring and new business development within this company create unusual challenges and career opportunities. Candidates with top class ability and potential are being sought for these appointments.

Please write in confidence to
D. GARDINER ASSOCIATES,
Management Appointments, Bedford Chambers, Covent Garden, London WC2E 8HA. Tel: 01-836 8954 and 6772.

Young Mature Accountant

Overseas *Age c 25/30+* *£12,500+*

A leading US multinational pharmaceutical company seeks a young qualified accountant initially for a three year assignment based mainly in West Africa. This position has arisen due to the promotion of the previous accountant.

The new accountant will be responsible for the financial aspects of a number of operations in West Africa and a considerable amount of travel is involved. One country is to be used as a base, although this may not always be where most time is spent.

This appointment will suit young qualified accountants who seek their first independent overseas challenge and who wish to develop a mainly overseas career with a leading international company with a world wide reputation for strong management systems. Future career promotions and assignments will be in Asia, Africa, the Americas or the Pacific. Those with previous overseas experience will have an obvious advantage.

The initial remuneration package will be in five figures. Allowances and fringe benefits are substantial and in line with other major international companies and include free annual home leave travel.

Candidates, male or female, can make application by quoting reference MCS/5035 and requesting a personal history form from Roland Orr, *Executive Selection Division.* Southwark Towers, 32 London Bridge Street, London SE1 9SY.

Price Waterhouse Associates

DEVELOPMENT CAPITAL EXECUTIVE

City based **c. £10,000+ substantial benefits.**

Our client is the Development Capital subsidiary of a major clearing bank. It was formed to provide investment capital through equity participation in a variety of industrial and commercial concerns.

Their planned growth has created the need to recruit an executive who, working in conjunction with the directors, will investigate possible clients, assessing business potential and reviewing financial and management information systems. He/she will also work closely with client companies at board level, advising on areas related to accounting and financial management.

Candidates (M/F) should be qualified accountants aged around 30. Ideally, they will have had experience of investigation work in a major firm of chartered accountants, as well as a minimum of 2 years' line experience in industry/commerce.

If you would like to be considered for this appointment please contact Neville Mills ACIS or Kevin Byrne BA as soon as possible, quoting reference number 2287.

Commercial/Industrial Division
Douglas Llambias Associates Ltd.
Accountancy & Management Recruitment Consultants,
410, Strand, London WC2R 0NS. Tel. 01-836 9501
121, St. Vincent Street, Glasgow G2 5HW Tel 041-226 3101
3, Coates Place, Edinburgh EH3 7AA. Tel: 031-225 7744

DLA

Reed Executive

The Specialists in Executive and Management Selection

Financial Controller

North London **c £11,000+car**

By any yardstick this publicly quoted service group is successful and has a reputation of which its shareholders, management and staff are justly proud. The company is a brand leader in its field. Reporting to the Financial Director you will be responsible for the total accounting function at their Head Office, as well as taking control of the integration and computerisation of the accounting systems. Qualified, aged 30 to 45, you should have proven commercial experience at a senior level and have shown the ability and ambition necessary to progress even further.

Telephone: 01-836 1707 (24 hr service) quoting ref: 0908/FT, Reed Executive Selection Ltd., 55-56 St. Martin's Lane, London WC2N 4EA.

The above vacancy is open to both male and female candidates.

London Birmingham Manchester Leeds

Q.S. BANKING CONSULTANTS

wish to recruit the undermentioned staff:

FX Dealer	to £10,000
Graduate Corporate Lending Officer	to £9,500
Internal Auditor (ACA)	c. £7,250
Unit Trust Representatives	to £7,000
Credit Analyst	£6,000
Loans Admin.	to £5,000
Loans Admin. Trainee	to £4,500
B/S Representatives	to £4,250
Senior Sterling, FX and Deposit Brokers	negotiable

Please apply to:
Mike Pope or Sheila Anketell-Jones,
30, Queen Street, EC4
Tel: 01 236 0731

Henry Ansbacher

CORPORATE FINANCE

The Bank is expanding its Corporate Finance Department and requires graduates aged 25-30 probably with an accounting or legal background. Relevant experience should have been obtained in a Merchant Bank, Professional Firm or Stockbroker.

Write, in confidence, giving full details to:

The Head of Corporate Finance,
Henry Ansbacher & Co. Ltd.,
1 Noble Street,
London EC2V 7JH

POOLE ARTS CENTRE

Appointment of FINANCIAL DIRECTOR

to take charge of all accountancy functions throughout the Arts Centre, *including extensive cash and budget control operations.* This post also carries responsibility for servicing the administrative needs of an enterprise with a staff of some 110 full- and part-time employees. The Financial Director is responsible to the Director of the Arts Centre and, together with the Director and the Deputy Director, reports to the Trustees of the Pool Arts Trust.

Poole Arts Centre is the largest purpose-built arts and entertainments complex in the country. It includes a 1,500-seat concert hall capable of conversion to a flat-floored hall, a 600-seat theatre, a 143-seat cinema, an art gallery, a studio theatre, arts activity areas, bars, restaurant and functions rooms.

Applications are invited from suitably qualified persons. Experience in similar fields of work is an advantage but not a pre-requisite.

For further details and application form, please write to Anthony M Covell, Director, Poole Arts Centre, Kingland Road, Poole, Dorset, BH15 1UG. Completed applications must be returned by Monday, 11th December, 1978.

Salary circa £7,000 p.a.

Senior Credit Analyst to £8500

with firm prospects to loan officer in 1 to 2 years.

A European bank, which is one of the world's largest, *needs a Senior Credit Analyst at their U.K. Head Office.* You would be responsible for analysing credit propositions and for writing loan applications. The more important and complex propositions from a varied range of industries would be your responsibility, and you would also assist the departmental manager in supervising and assisting the other analysts.

In view of their future intentions, the bank seeks a marketing oriented person with 2/3 years previous experience in analysis, preferably from an American bank. A knowledge of French will enhance your prospects of further promotion. The bank offer a good range of benefits, and will take over an existing mortgage and loan if necessary. **To apply, call John Sears, Summit Management Consultants Limited on 01-580 3536.**

OPPORTUNITY IN EQUIPMENT FINANCE

The Company, which is a subsidiary of a European owned group, is engaged in the field of equipment finance in the U.K.

To *meet the requirements of continued* expansion in the U.K., we are seeking a creative, highly motivated young person with experience in selling Hire Purchase and Leasing facilities for major capital equipment to industry in the U.K.

The successful candidate will have 3-4 years direct selling experience and contacts at the appropriate level in industry.

The preferred age is 25-30 and you should be able to work on your own in achieving the ambitious targets with which you will be set. We offer high remuneration in return for commitment.

You are invited to write with full career details:

Box A 6550, Financial Times, 10 Cannon Street, EC4P 4BY.

International Corporate Financial Advice

Citicorp International Bank Limited (CIBL) is the London-based investment bank of Citibank, one of the world's largest financial institutions.

CIBL's Corporate Finance Department is now expanding its International Corporate Advisory activities – cross-border mergers and acquisitions, financial consulting, cash management – and, as a consequence, needs a high calibre man or woman to strengthen a young and ambitious team.

A graduate aged between 26 and 32, preferably with MBA or a professional qualification, you will already have demonstrated particular skill in financial advisory work with a merchant bank or management consultancy firm, ideally at junior management level. You will be fluent in English and must be able to do business in another language, preferably German or a Scandinavian tongue. You must also be willing to travel.

In return, you can expect a highly competitive salary, excellent benefits package and exceptional opportunities for career development.

Please write with CV to: Martin Smith, Executive Director, Corporate Finance Department, Citicorp International Bank Limited, PO Box 242, 335 Strand, London WC2R 1LS.

CITICORP INTERNATIONAL GROUP

International Trade Finance

MANAGER

Business Development SCANDINAVIA

Expansion provides a unique career opportunity for a financially orientated person in our client's Scandinavian subsidiary, engaged in the financing of *international trade.*

The successful applicant will be in his/her mid to late twenties, fluent in Danish or Swedish, or with the ability to learn, and having experience in international trade finance.

Initially, the appointment will be that of a trainee manager assisting the office manager in office services and administration. By the end of the first year he/she should have developed sufficient personal skills to be able to contribute to the growth of the Company as a responsible accounts manager.

Skills include credit analysis combined with the ability to understand the needs of the clients' businesses and the personality to represent the Group at senior levels. The position will be a permanent one and will involve extensive travel in Scandinavia.

Salary and other benefits will be negotiable around the Danish equivalent of £11,000 per annum.

Interviews will be arranged in Copenhagen or London to suit the convenience of applicants who should write or phone for an application form to:

Walter Judd Limited (Ref. L.131)
(Incorporated Practitioners in Advertising)
1a Bow Lane, London EC4M 9EJ.
Telephone: 01-236 4541.

EMA

BUSINESS DEVELOPMENT ACCOUNTANT

Banking

London EC2 — £7200-£8900 + major benefits

Our major high street banking client is undergoing an exciting period of business expansion and development.

As a member of a high quality business development team the person appointed will carry out a range of tasks essential to the review of the Bank's existing products and services. He or she will also be closely involved in the evaluation of development projects including new products and services and the relevant implementation procedures.

Ideally applicants should be qualified accountants aged under 30 with proven business analysis experience. Please telephone or write to David Hogg ACA quoting reference 1/1770.

EMA Management Personnel Ltd
Burne House, 88/89 High Holborn, London, WC1V 6LR
Telephone 01-242 7773

BP

Deputy Registrar

British Petroleum requires a Chartered Secretary for appointment as Deputy Registrar.

Candidates must have at least five years' experience in a senior position of share registration and new issue work in a large public company, a sound knowledge of Company Law and Stock Exchange procedures. Candidates must also be familiar with the new Talisman settlement system. Proven ability in managing and organising all branches of share registration work, including dividend payments and staff supervision is vital

The successful candidate will be in the age range 30-45 years. An attractive starting salary will be offered based on age and experience. Conditions of employment are excellent including a non-contributory pension scheme. Help with re-location expenses will be given where necessary.

The Registrar's Division is at present at our Head Office in the City but it will be moving to Harlow, Essex in mid 1979

Please write, giving details of age, qualifications and experience, quoting reference B.659, to: The Manager, Central Recruitment, The British Petroleum Company Limited, Britannic House, Moor Lane, London EC2Y 9BU, not later than 7th December, 1978.

Chief Executive

min. £15,000 p.a.

Kenya

The Nairobi subsidiary of an international group of companies has a turnover of £1 million p.a. and is now entering a period of rapid expansion. The company manufactures a wide range of engineering products including overhead electric travelling cranes, contractors plant and materials handling equipment. It is also engaged in varied steel plate fabrication.

Candidates should be chartered or graduate engineers, preferably with Board level experience in a company of a similar size and nature. They must be able to demonstrate successful management capabilities from both a commercial and production standpoint and will preferably have some overseas experience. Probable age range late 30s/40s.

The contract is for an initial 3 year period and benefits include attractive accommodation, car and educational allowances. Prospects for long-term employment within the Group are excellent.

Please reply with full career details, in confidence, to:

G. S. Peterken,
PH RECRUITMENT LIMITED,
42 Upper Berkeley Street, London W1H 7PL.

Finance Manager

Nigeria

$30,000 + benefits

Reporting to the U.S. parent company, the position carries responsibility for all aspects of the accounting and financial procedures of a subsidiary. The turnover of around $1.6m comes from supplying equipment to the oil industry and from manufacturing. In addition there are other business services to be accounted for.

A resilient qualified accountant aged around 28, who has managed an accounts department and has good knowledge of U.S. accounting methods, costing and budgetary control is required. Previous overseas experience is also advantageous.

The salary is negotiable, and the package will include housing, furnishing, school fees, car etc., within a two year contract, with leave every six months. There are prospects for subsequent transfer within their major international group.

Applications, which will be treated in strict confidence, should contain relevant details of career and salary progression, age, education and qualifications.

Please write to Mr. A. C. Crompton quoting ref. 757/FT. on both envelope and letter.

Deloitte Haskins+Sells
Management Consultants
128 Queen Victoria Street, London EC4P 4JX.

Appointments also appear today on page 31

Managing Director

North West — £15,000

Our client is an engineering subsidiary of an International Group. The company, which has factories in the North West and Ulster, manufactures components for the Motor Industry. It has a history of growth and is currently achieving a sound return on assets, with its sales turnover in the region of £6 million.

The Managing Director will have complete responsibility for the profitable control and development of the business.

It is essential to have held a senior executive appointment in a successful manufacturing engineering environment.

Initial salary is negotiable to £15,000 per annum plus car.

Please apply, in confidence, for application form to D. G. de Belder, Knight Wegenstein Ltd., 75 Mosley Street, Manchester M2 3HR, or tel. 061-236 0987, quoting Ref. 68189.

Knight Wegenstein Limited
Executive Recruitment Consultants
Management Consultants and Consulting Engineers.
London · Manchester · Zurich · Dusseldorf · Madrid
Paris · Stockholm · Vienna · Chicago

EUROBOND EXECUTIVE
MERCHANT BANKING

S. G. Warburg & Co. Ltd.

We are seeking an executive to assist in the continuing expansion of our Eurobond business. He or she will be responsible for maintaining relationships with existing and new institutional investors in Eurobonds in both the primary and secondary markets.

The successful applicant is likely to be aged between 25 and 35 with at least three years' experience in the Eurobond markets. He or she should have a good knowledge of Eurobond issuing and placing procedures and a familiarity with international capital markets as well as foreign exchange markets. Fluency in foreign languages would be an advantage.

Applications, enclosing a concise curriculum vitae, should be sent in confidence to:

G. F. J. Wood, S. G. Warburg & Co. Ltd.,
30 Gresham Street, London EC2P 2EB.

Financial Executive

— up to c. £18,000 Home Counties

Our clients are a major international group, amongst the leaders in their field, manufacturing and marketing a range of products including complex highly engineered equipment. There is a profitable, eight-figure U.K. turnover, and the new appointments arise as a result of expansion and recent organisation. Each appointment carries responsibility for a team, and candidates aged around 40 must be qualified accountants with relevant experience. Cars are provided.

Controller Administration

Based in the operational H.Q. north of London, he/she will be responsible for a range of legal, tax, secretarial, cash control and product line accounting matters, as well as financial planning. Salary up to c. £18,000.

Two Manufacturing Divisional Controllers

are also required who must be cost orientated. One, at a salary of up to c. £18,000, will be based at the above operational H.Q. and concerned with systems covering the manufacture of discrete engineering products. The other, at a salary of up to £16,000 and based in Surrey, will work on systems and controls for process manufacturing operations.

Please reply giving brief details to Ref: MA 177
Robert Marshall Advertising Limited, 30 Wellington Street, London WC2E 7BD.

Robert Marshall Advertising Limited

Group Management Accountant

London — to £11,500 + car

This is a key appointment, resulting from internal promotion, with a well-known British company engaged in manufacturing, distributing and retailing consumable products on a national scale. Reporting to the Group Financial Controller and supported by a small, qualified staff he, or she, will be responsible for co-ordinating the budgeting and performance reporting of operating companies. However, his/her main contribution will lie in providing financial guidance to central management and in the further development of computerised management accounting systems to aid this process. Applicants *must be qualified and in their 30's, with experience at the centre of a large,* complex business, the confidence to tackle a demanding role and the potential for further career development. Particularly attractive fringe benefits apply.
REF 779/FT Apply to R. A. Phillips ACIS, FCII, 3 De Walden Court, 85 New Cavendish Street, London, W1M 7RA. Tel: 01-636 0761.

Phillips & Carpenter
Selection Consultants

U.S. Subsidiary in High Growth Situation

RECENTLY QUALIFIED ACCOUNTANT

Central London — £7,000 plus excellent benefits

Engaged in the provision of services to the Oil Industry, our client operates on a worldwide basis. The company currently has a compound growth rate of 25% and plans to increase turnover seven fold in the next ten years.

Reporting to the Chief Accountant, the successful candidate will provide a complete financial service for a given region, monitoring performance and maintaining close contact with Senior Regional Management.

Candidates, male/female, will be recently qualified (A.C.A., A.C.M.A., A.C.C.A.) and preferably aged in their mid-20's. They should demonstrate a self confident, flexible approach and the ability to liaise effectively with management of varying disciplines.

Success in this appointment will lead to opportunities for advancement both in the U.K. and in overseas locations.

For more detailed information and an application form, contact Nigel V. Smith A.C.A. or Robin F. Taylor B.A., C.A., quoting ref. 2318.

Commercial/Industrial Division
Douglas Llambias Associates Ltd.
Accountancy & Management Recruitment Consultants,
410, Strand, London WC2R 0NS. Tel: 01-836 9501
121 St. Vincent Street, Glasgow G2 5HW. Tel: 041-226 3101
3, Coates Place, Edinburgh EH3 7AA. Tel: 031 225 7744

DLA

Our client, a private Swiss bank, with worldwide interests, is seeking an

ADMINISTRATIVE MANAGER INVESTMENT BANKING

with location in Nassau, Bahamas, where he will be responsible for the representative office with Central and South American clients. Using a mini-computer, he will maintain and issue statements of accounts, and will be generally responsible for all internal operations.

We are looking for an executive having experience in the administration of a small banking operation. He must speak fluent English, and preferably Spanish and Portuguese.

Qualified candidates are invited to write to us, in English, giving all necessary information, including current position and responsibility, present remuneration, home telephone number and all pertinent data required to enable us to determine the desirability of a personal interview.

We are a leading firm of management consultants who have been retained to select the candidate for this position. It is our policy never to disclose information prior to a personal interview, and only with the consent of the candidate. All replies will be handled in strictest confidence and with the utmost discretion.

Write to
CIPHER F-18-118243, PUBLICITAS
CH-1211 GENEVA 3

Corporate Lending

Bank of America is seeking experienced account officers to strengthen its future management resources. Successful candidates will be responsible for marketing the Bank's full range of international financial services to domestic and multi-national clients.

Applicants should be graduates or MBA's, probably aged 27-35, with at least 5 years experience gained in banking or other relevant financial disciplines. A high level of marketing, negotiating and financial analysis skill is required together with a record of significant personal achievement.

Current opportunities exist in the Bank's UK branches — in London, Birmingham, Manchester and Edinburgh — and in the African Regional office also in London. Prospects for personal growth and increased responsibility are excellent. Attractive starting salaries will reflect qualifications and experience, and other conditions of employment are *in line with best banking practice.*

Write in strictest confidence with comprehensive personal, salary and career details to: G. L. Hope, Bank of America N.T. and S.A., Personnel Planning and Recruitment, 25 Cannon Street, London EC4P 4HN.

BANK OF AMERICA

FINANCIAL ASSESSMENT

c. £11,000

Our Client a major Finance House is looking for an experienced Credit Manager in their Merchant Banking Division. The areas of operation will cover the Eurocurrency market, shipping loans, export finance and leasing. Experience in these operations within the Finance Sector is preferred. Reporting is to a Director, but the level of contribution depends on the strength of the successful applicant, who should have potential for a Directorship.

An active investigatory involvement is necessary, and a sceptical attitude based on sound commercial knowledge will achieve excellent prospects in the Group, either in the U.K. or overseas. The total package could well be in excess of £11,000.

Please apply in strictest confidence to David Clark A.C.A., ref. 474

David Clark Associates
4 New Bridge Street, London E.C.4 01 353 1867

EXPORT FINANCE JUNIOR ACCOUNT EXECUTIVE

required for self-contained subsidiary of a Merchant Bank arranging all forms of export finance and ECGD facilities.

1-2 years experience is essential with a bank or specialist export finance house. Aged preferably early/mid 20's, with the potential to meet clients and solve problems. Further training will be given to equip him or her to expand the role.

Career details in confidence to R. W. H. Lubbock, Charterhouse Japhet Ltd., 1 Paternoster Row, St. Pauls, London EC4.

BREWERY ANALYST

We seek an experienced investment analyst who has a thorough knowledge of the brewery and associated sectors.

Candidates should have had several years' experience in stockbroking or institutional research. Competitive salary commensurate with responsibility.

Apply with c.v. to Box A.6551, Financial Times, 10 Cannon Street, EC4P 4BY. All replies will be treated in confidence.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● DATA PROCESSING

Users speak out

OFTEN CRITICISED for being an amorphous organisation with *no sense of purpose*, the British Computer Society has struck a bold blow on behalf of every computer user all over the world with its analysis of what a representative panel of users thinks of the service provided by makers of hardware, writers of software and the educators.

"User Requirements for Data Processing" is, in many ways, a channel for the frustrations *created within management* at large and computer operational management in particular at the methods and tactics used by many manufacturers to gain or retain a worthwhile share of this market—the most phenomenal growth area in any industry since the first industrial revolution.

Particularly scathing is the user attitude towards the rash of new equipment from which the industry continuously *suffers*: "Users are weary of phrenetic innovation and all the expensive and disruptive changes it has involved for them. . . . They do not ask for development to cease they do ask for a period of stability which will be characterised by longer economic lives for their systems," the report asserts.

Users demand fewer standards, but more standardisation so that *they can have a wider choice of* equipment and not be locked into suppliers of their installed systems.

Contract terms are described as restrictive and unfavourable and there is concern at the growth in the practice of offering software for rental—purchase options should be available.

System performance is frequently disappointing and there is a crying need to enable would-be users, including complete tyros, to participate intelligently *in the work of defining* exactly what the equipment will be expected to do. This could be made possible through the provision of simple training courses or some other form of aid from the professional bodies.

The computer industry has a narcissistic view that users exist only to buy products but users believe the industry exists to serve them . . . with the appearance each day of new suppliers of smaller and smaller systems, the situation is becoming acute and as competition increases "over-enthusiastic efforts of salesmen motivated by commission" can have consequences for the business of an unwary customer that must concern all responsible suppliers.

There is concern at inadequate support for installed equipment.

Because *of the fact that* networking is increasing the Post Office does not escape criticism. This is mainly on the grounds of cost, slow transmission and call set-up, high error rates due to crossed lines and unreliable circuits.

The mini/micro development is a threat to efficiency and could be a source of reduplication in software and systems work. The only way to prevent this is by training.

What BCS does not say is that, to a large extent, users have had remedies in their own hands for years. But the attempt to set up a "super-group," linking all the user groups addressing particular manufacturers in Europe has had little or no success.

The review of user opinion is available from BCS, 13 Mansfield Street, London W.1. The cost is £15.

● IN THE OFFICE

Ribbons contain more ink

TBS manufactures to its own specifications "Gold Synthetic 2000" fabric for inking ribbons, which can be used for high-speed printers, data terminals or daisy wheel printers.

Processes used in production make the ribbons up to 20 per cent more absorbent than conventional ones, and because they hold up to 20 per cent more ink, superior quality of printout is ensured while wear and tear on the ribbon is reduced.

J.M. Factors Computer Supplies are exclusive agents to TBS (Roenpeiss, Germany) in the UK. There is also a 5 year shelf-life guarantee.

J.M. Factors Computer Supplies, Victoria Lane, High Street, Barnet, Hertfordshire, EN5 4UN (01-440 8426).

● ENERGY

Application of the heat pump

BECAUSE OF the importance in energy saving of heat pumps over the next decade, as well as their applications in space and process heating, a research programme is being carried out by Battelle in Frankfurt which includes the UK as one of the main areas of investigation.

The programme is intended to examine the technical, social and *economic factors influencing* the design and application of heat pumps and to make projections from the data which will enable those concerned with energy supply, heating and cooling, equipment manufacture and the construction industry to assess probable impacts on their own activities.

Battelle's methodology will consider both new and retrofit markets for heat pumps up to 1990. The first step is a technical *overview of existing and* potential heat-pump systems (air-to-air, water-to-air, water-to-water).

Attention will be given to assessing the range of feasible applications—for the various types of conventional heat-pump systems and, if appropriate, to candidate "unconventional" units based on the use of solar energy, hot or cold storage systems, etc. Included in this assessment will be a review of the characteristic load shapes and efficiency factors for the major types of systems.

At the outset, it seems likely that many of the recent design modifications may have a significant effect on power requirements. The recent advances and potential modifica*tions will also be translated into* initial cost, operating costs, and maintenance requirements.

Further from Battelle, Am Roemenhof 35, 900160, 6000 Frankfurt/M90, German Federal Republic.

In the meantime, the largest heat pump installation in a retail store in Britain is now working in Manchester's Arndale Centre.

An air to air heat pump was chosen by C and A after *balancing the problems of* providing good environmental standards for customers and staff, with those of good energy management. The heat pump gives a saving on capital and running costs and a reduction of energy demands.

Novel in using a heat recovery principle not commercially available, till now, the system was analysed by computer using the Building Energy Estimating Program (BEEP), available through Electricity Boards. A complete evaluation of the energy requirements of the store was performed in co-operation with the consultants Ronald Ward and Associates.

Designed by Heat-Frig, the eight custom-built heat pumps provide additional energy *saving*. The exhaust *air from* the store is discharged over the outdoor coil of the heat pump unit. This increases the coefficient of performance normally expected by reducing the number of de-frost cycles and increasing the heat content of the air passing over the coil. Another advantage of these units over more conventional arrangements is that they incorporate free-air cooling. This ensures minimum operation of the heat *pumps when cooling is required.*

This installation is one of the few air to air commercial heat pump systems, but the growing need for energy management and to maintain high environmental standards at an economic cost must undoubtedly lead to a greater use of such pumps in the High Street, the Electricity Council says.

Further from 01-834 2333.

● HEATING

Oil group into solar

SUNOCO INC., a subsidiary of Sun Oil Company of Toronto, has joined Solartech and Norrish *in a consortium to study develop*ment and marketing of applications for solar energy heating in *homes*.

Under the agreement, Sunoco has agreed to purchase, initially, $25,000-worth of solar equipment from Solartech and a pilot study will take place at the Sunoco refinery in Sarnia, Ont., to test a system to supplement the heating of hot water.

Sunoco said the consortium was awarded a grant under the first phase of a Federal Government programme to encourage solar energy development.

● MATERIALS

Rust kept at bay

CORROSION prevention with a formulation that absorbs surface moisture and then coats the clean metal surface left with a firm, resin-like film, is being offered for use in the printing industry by Isaac Bentley and Co., but has applications in many other industries.

Vinbrite DP7 is suggested for use on printing cylinders which it protects effectively since it cannot be accidentally rubbed off.

It comes in the form of a water - based emulsion which *absorbs any surface water. This* evaporates to atmosphere leaving behind the film which is tenacious enough after application to enable components to be handled without risk of damaging the film and allowing atmospheric corrosion to find ingress.

Isaac Bentley and Co., Naylor Street, Liverpool L3 0PS. 051-227 1177.

A tough grout

SAID TO have an overall performance superior to anything else on the market is an epoxy structural grout marketed by Protective Materials, Oakcroft Road, Chessington, Surrey (01-397 3844).

This is intended for 24-hour completion of such tasks as the bedding of crane rails, rock anchors, bolts and machinery lugs, *for* the bonding of pre-cast concrete structures, and for high strength crack repairs.

Its important feature, says the company, is the very high filler to binder ratio of 4:1 which prevents the filler settlement found in older products and helps to make the grout about four times stronger than concrete.

● SECURITY

Microfilm shredder

PUT ON the market by Portable Factory Equipment of Birmingham is the Micro 6, a small shredder able to deal with microfilm, microfiche, jackets or aperture cards in standard or diazo material.

Of interest to companies that must safely dispose of confidential records held on film, the unit is designed for relatively low volume use where the material originates, destroying it in situ and avoiding transportation elsewhere.

Supplied from single phase mains, the device has a twin motor drive giving cutting speeds of 200mm/min, reducing film materials to chips measuring 0.7 x 6 mm. The shredded pieces are collected in a polythene bag contained in a wire basket at the base of the machine.

Summit Works, Smith Street, Hockley, Birmingham, B19 3EW (021-554 7241).

● ENVIRONMENT

Controls dust and fumes

NEW TO the UK, but well known in Scandinavian steelworks, foundries, paper mills, power stations, asphalt and crushing plants, are Bahco dust and fume control systems.

Type JSA is claimed by Bahco to be the most compact dust and fume collector currently available. The basic filter cassette contains 215 sq ft of fabric, accommodated in a space of only 14 cu ft. Surprisingly, a complete unit rated at 18,000 cfm can occupy a plan area of no more than 100 sq ft, with an overall height as little as 13 ft. This is compared to more than six times the floor space, and 2½-3 times the height required to locate a conventional baghouse unit operating under similar conditions.

All filter cassettes have the same outside dimensions and connections, and are combined to form complete gas cleaning and air pollution control systems, depending on the dust concentration, each cassette has an air handling capacity of between 1,500 and 3,000 cfm.

There are three types of cassette, including one with extra-large gas passages for fibrous dust. Different types of contaminants and various processes demand their own special filter fabric. For each industrial contaminant gas and temperature found in particular applications, a thoroughly tested grade already exists.

With JSA, extremely high efficiencies are possible: even at high temperatures, and at high dust loading, 99.9 per cent removal of contaminants is consistently achieved.

Bahco Ventilation, Bahco House, Beaumont Road, Banbury, Oxon. 0295 57461.

Preventing beach erosion

PROMISING an answer to serious erosion of sandy beaches is an offshore product, tested and proved in use around oil and gas platforms and pipelines in the North Sea, suggested by ICI, Millbank, London SW1P 4QG (01-834 4444).

The company fixed eight trial "mats" of Linear Composites' scour prevention system upon the *seabed* at the town of Saintes Maries de la Mer, near Marseilles. Should the system of mats, "nailed" down by half-metre-long steel pins, succeed in combating an erosion problem that has plagued the region for years—but has recently become especially severe—then an important order in bulk could follow. Local inhabitants are *said to be impatiently awaiting* results of the tests which should be completed by the spring of next year.

Basically, the system comprises lengths of interwoven 'Paraweb' mat into which are locked bunches of polypropylene fibre fronds on a half-metre grid. The effect of the upwards-floating fronds is to create a plastic curtain that drastically reduces the speed of sand-bearing currents and thus causes sand to precipitate into the system of mats.

At the French sea-side town, erosion of the sandy littoral, or beach, on a three kilometre front has averaged 2½ metres, and at one place often exceeded a rate of 50 metres a year. The encroaching sea is now threatening the town and is also causing navigation problems at the mouth of the nearby Petit Rhône.

Conventional measures, such as *rock dumping*, have failed, and even the sinking offshore of a large rock-laden barge gave respite for only a single winter. An alternative to the system would be a much more costly exercise involving steel shuttering which, in any case, says the company, would not trap sand in the same efficient way.

Installation of the mats, along the shore and around certain offshore barriers, is being carried out by contractor Societe Falchetti of Arles, working to a scheme prepared by research experts of Geomidi S.A.

The ICI Scour Prevention System (supplied in this instance through the national ICI Offshore office near Paris) is a product of Linear Composites of Harrogate, Yorkshire.

● INSTRUMENTS

Seeks static electricity

A POCKET-SIZED meter from Molnar Machinery can be used to locate and measure the source of static electricity in industrial environments where danger may occur either to sensitive equipment or to operators.

Called the 224C the instrument is made by Static Inc. in the U.S. and weighs only 10 oz. Making use of a diode pick-up technique, it is used by holding the probe within a few inches of the suspect surface: an instant reading up to 30,000 volts is obtained, and depends on the proximity of the probe as well as the extent of the charge.

The device is factory calibrated and needs no maintenance in the field apart from periodic change of battery.

More from the company at 6, The Broadway, Woking, Surrey, GU21 5AR (04862 64646).

● METALWORKING

Easier tape preparation

ANOTHER microprocessor application, this time to a numerical control tape preparation machine, has been announced by NC Engineering and is the first of a series of products for the preparation, programing and testing of such tapes.

"Tapemaker" combines a preparation machine with an output punch and printer in one unit which is designed to be directly connected into the machine tool.

Correction of program tape errors is a simple operation. The machine gives simultaneous reading, printing and punching of modified tape from original tape plus keyboard input.

With a switchable parallel/serial interface, Tapemaker will plug into most makes of CNC unit including Fanuc, GE and Posidata. It allows automatic output of the machine tool's control memory program to paper tape and printer. Output speed is 30 characters/sec.

26 Benskin Road, Watford, Hertfordshire (Watford 24396).

Notching machine agreement

WE HAVE been asked by Key Components of Hayle, Cornwall, to point out that it has an agreement with Ludwig Boschert GmbH of Lorrach, Western Germany, to market in the UK and Ireland its range of notching machines. Key Components has licensed Redman Engineering and given the latter sole selling rights in England, Scotland and Wales. Key Components says it is the sole importer of Boschert equipment into the UK and still sells notching machines direct in Northern Ireland and Eire. This amends our report on this page on November 10 which was based on a statement by Redman Engineering.

Smith can come to Britain for summit, says Owen

BY IVOR OWEN

LEGAL BARRIERS will not be allowed to prevent the attendance of Mr. Ian Smith if all the parties involved in the Rhodesia crisis agree to participate in a final make-or-break summit conference in Britain.

This was emphasised by Dr. David Owen, Foreign Secretary, in the Commons, when he confirmed that the Government was continuing efforts to create the conditions which would offer such a conference a firm prospect of success.

Tory MPs, with support from Mr. Francis Pym, Shadow *Foreign Secretary*, called on the Government to show a greater sense of urgency.

But Dr Owen insisted that the time was not yet ripe to invite Mr Smith and other leaders of *the transitional Government in* Salisbury to Britain.

Like the PM, who assured MPs earlier this month of his readiness to undertake a top-level initiative when the conditions were right, he underlined the fact that by staging a summit in Britain the Government would be playing its last card.

"It is going to require effort, preparation and a readiness on all sides to compromise, which at the moment they are not showing," Dr. Owen added.

He did not think it would be possible to go through a whole series of conferences, and *stressed the importance of* avoiding a repetition of the events which occurred at Geneva.

Dr. Owen agreed with Mr. Pym that talks between the parties to the Rhodesian conflict — including the Patriotic Front—should be encouraged.

This was why he was not "closing the door" to the possibility that Mr. Smith might be invited to Britain.

But the Government could not free Mr. Smith from the risk of prosecution by executive decision. This could only be done by Parliament agreeing to an Order in Council.

The Government would be prepared to lay such an Order if there appeared to be overriding reasons for granting one of the parties to any new negotiations immunity from prosecution.

Dr. Owen gave no hint of any early moves to establish a high-*level British Mission in Salisbury*, as advocated by the Opposition.

He maintained that the transitional Government already had the means to establish an *electoral register on the basis* of one man, one vote.

He pointed out, too, that the Transitional Government's decision to postpone elections from next month to April had been foreshadowed by critics of Mr. Smith soon after the internal settlement was announced last March.

The Foreign Secretary also cast doubt on the value of elections held while 70 per cent of Rhodesia was under martial law, contending that it was difficult to envisage that they would be fair and free.

But, at the same time he did not rule out acceptance of the result as a test of the opinions *of the people of Rhodesia as a* whole—the requirement imposed by the Fifth Principle laid down by successive British Governments.

Suggestions from the Tory *benches that Mr. Smith should* be allowed to visit Britain to enable him to have the same opportunity to directly influence public opinion, as had recently been provided for him in the U.S. *received no encouragement from* Dr. Owen.

"I do not believe it would contribute to a negotiating settlement to allow him and others who support him into Birtain at this time," he declared.

Ministers would have a stronger hand in defending *British interests in Brussels* if they received more support from the official Opposition in Parliament and from the British Press, Dr. Owen told the Commons.

He rejected a charge by Mr. Pym, that under Labour, Britain had assumed the role of "reluctant partners" in the EEC.

Mr. Pym protested that the Government's attitude in Europe had made it impossible to secure a satisfactory outcome to negotiations on "almost anything."

Amid Tory cheers, he argued that if Ministers showed a more co-operative manner they would achieve more success.

Dr. Owen, a consistent advocate of membership of the EEC, angrily retorted that Ministers were sustaining Britain's role as a full member of the Community.

When Mr. Pym maintained that Labour found it convenient to support the EEC when in Government and to oppose it when in Opposition, Dr. Owen recalled that he had supported Britain's membership from both sides of the House.

Churchill fails in committee bid

BY ELINOR GOODMAN

MR WINSTON CHURCHILL, the Tory Right-winger sacked by Mrs. Thatcher as defence spokesman two weeks ago after defying the party line on Rhodesian sanctions, failed yesterday to become a vice-chairman of the party's backbench defence committee.

He was one of four Right-wing candidates beaten in a ballot, which in general marked a victory for the moderates in the party.

Yesterday's ballot for the four vice- chairmen of the defence committee saw Mr. Churchill beaten by two Tory "Left-wingers," Mr. Geoffrey Pattie and Mr. Anthony Buck, and Mr. Philip Goodhart and Mr. Victor Goodhew.

The defeat of Mr. Churchill saved Mrs. Thatcher from a potentially awkward situation.

Rather than replace him in her Shadow Cabinet reshuffle last week, she said she was keeping the junior job open so as to give backbenchers the experience of speaking from the Front Bench occasionally.

When the need arose, she said, she would ask a vice-chairmen of the defence committee to speak from the Front Bench.

This raised the spectre of Mr. Churchill performing his old job in another guise.

Rail strike unjustified—Rodgers

UNOFFICIAL ACTION by some Southern *Region train drivers* was attacked as "wholly unjustified," by Mr. William Rodgers, Transport Secretary.

Speaking in the Commons on a day when many suburban train services had been *disrupted*. Mr. Rodgers declared: "It is wholly unjustified, unfair to other railmen, damaging to the long-term prospects of the railways, and inexcusable in the inconvenience it *causes to the travelling public.*"

He appealed for "common-sense" in solving the unofficial dispute which threatens to disrupt commuter services regularly in the weeks ahead.

In reply to a question from Mr. Norman Fowler, Tory Transport spokesman, Mr. Rodgers recalled that the dispute was over ASLEF's call for bonus payments for footplate men in line with that received by train guards who collect fares on board.

A meeting was now taking place between British Railways and the unions to discuss the ASLEF complaint.

"I hope common sense will prevail." Mr. Rodgers added. Yesterday's strike would have cost British Rail about £250,000 in lost revenue.

He agreed with Mr. Fowler about the "mounting anger" of rail passengers. "This strike *can do no good at all to the* livelihoods of those who work on railways, the future of the railways, or the travelling public," Mr. Rodgers went on.

If the situation worsened, he *promised an "immediate statement"* to MPs.

Mr. Michael Mates (Con., Petersfield) said it was almost in the category of "highway robbery" that there was no *compensation for those commuters* who spent up to £700 a year on their season tickets and yet had to use "expensive alternatives" when British Rail *"failed to carry out their contract."*

Mr. Rodgers replied that commuters on season tickets could receive either a refund or an extension of the validity of their tickets.

MPs representing southern commuter constituencies urged the Transport Secretary to intervene in the dispute. But Mr. Rodgers told them: "I do not *think any intervention on my part would help solve this problem.*

"It would not be the right course of action in view of the talks that are taking place at this moment."

Mr. Philip Goodhart (Con., Bromley and Beckenham) said his commuter constituents were losing out in two ways. They faced new increases in rail fares and if they had to drive to work they had to bear increases in petrol prices.

Mr. Tim Renton (Con., *Huntingdonshire) wanted Mr.* Rodgers to explain the logic behind a proposed 10 per cent *fares increase when wage rises* were to be pegged at 5 per cent.

The Minister replied: "Any increase in fares must be related to the increase in the cost of the railways. Labour costs account for 70 per cent, and any increase in fares must take into account increases in wages."

MR. WILLIAM RODGERS

Government 'holding home loan talks'

THE GOVERNMENT are now holding talks with Building Societies' Association on levels of lending for the first half of next year, Mr. Ernest Armstrong, Environment Under-Secretary, *told the Commons.*

"Since April, the BSA has agreed with the Government on a moderation in the level of Building Society lending for house purchase.

"The objective has been to prevent the volume of Building Society lending becoming a de-stabilising influence on the housing market.

"We are now discussing with *the BSA appropriate levels for* the first half of 1979."

Ford U.S. has had sanctions warning–MP

A SENIOR civil servant was in the U.S. warning the Ford Motor Company that the Government would implement "the full rigours" of sanctions against the company in Britain if a pay settlement of about 17 per cent *was made, Mr. Tim Renton* (C., Mid Sussex) claimed in the Commons.

He called unsuccessfully for an emergency debate on the use of sanctions against Ford and other *private* sector companies over the Government's 5 per guidelines.

"They know about it in Detroit. We have not heard it in Westminster," he added.

The company was engaged in a £1bn four-year development programme, which included expansion in high unemployment areas such as South Wales and Merseyside.

Sanctions could lead to these plans being curtailed, with subsequent expansion in Europe and disastrous employment consequences in Britain.

Because the settlement was still in the melting pot the issue deserved urgent consideration, to influence an imminent Government decision, Mr. Renton continued.

"Sanctions generally have no statutory backing, they are outside the law, they are unconstitutional. It is surely right that the principle behind them should be debated in this House.

Tories seek 'fair chance' for opponents of devolution

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

FEARS WERE expressed in the Commons last night that the Government may be planning to use its Whitehall machinery to campaign for a Yes result in the Scottish devolution referendum.

Voicing the concern of the Opposition, Mr. Leon Brittan, a Tory spokesman on devolution, also asked for assurances that *those opposed to a Scottish* Assembly would be given a fair chance to put their views on radio and television.

Mr. Brittan confirmed that the Conservatives are determined to mount a vigorous campaign against devolution in the referendum battle.

But he also emphasised that if the necessary 40 per cent of the Scottish electorate vote for devolution, then the Conserv*atives will accept the result and* do all in their power to make the new scheme workable.

The Commons was considering the two Orders which enable the referendums to be held in Scot*land and Wales on St. David's* Day, March 1.

If there was a Yes vote, the Conservatives would do all in their power to establish a smooth relationship between the Government at Westminster and the Edinburgh Assembly, Mr. Brittan went on.

He made it clear, however, that the Tories would be urging the people of Scotland to vote against the proposals.

"We regard the proposals as ill-thought-out, illogical, cumbersome, expensive and mounting a serious threat to the unity of the UK."

The division of powers and the financial provisions were "a recipe for conflict," and no solution had yet been offered to the "West Lothian problem."

If devolution was rejected by the voters, the Conservatives stood by their pledge to set up an all-party conference to scrutinise alternative methods of improving the government of Scotland.

The Government, he recalled, had said it would not give money to either side in the referendum campaign. But he feared that the Government's own publicity *machine would be used to persuade* people to vote for devolution.

There was also the possibility of the Government providing research, promotion and back-up *facilities for the devolutionists.* Civil servants might also be used as speech-writers.

Mr. Brittan pointed out that in a General Election strict limits were imposed on the expenditure which candidates could incur. But this could not be done in a referendum.

"The Government should come clean to the House on these points," he said.

On the question of radio and television, he wanted to know if the BBC and the independent companies would be required to maintain a balance on current affairs programmes and whether party political broadcasts would be allowed.

The Conservative spokesman stressed the if the voters approved the devolution proposals, it would be quite wrong to hold the Assembly elections on the same day as a General Election or polling for the European Parliament.

For the Government, Mr. Bruce Millan, Scottish Secretary, declared that the referendum would be based on the new Scottish electoral register which comes into operation in February.

Great care would have to be taken in establishing the size of the electorate, to asses accurately whether 40 per cent had voted in favour of devolution.

They would have to *deduct* 50,000 voters who were under the age of 18 on March 1, although they were on the register.

The names of those who had died just prior to the referendum — possibly about 26,000 — would have to be removed.

A particular problem was posed by those with multiple registration, including about 28,000 students. The Government was still looking for a solution to this aspect.

Ban Euro-gravy train, says MP

NO PAY "*gravy train*" should operate for Euro-MPs, Mr. Max Madden (Sowerby) said in the Commons. Such a vehicle should not be given the "green light," he added.

The Government should say that Euro-MPs would receive the same as their Westminster counterparts.

Mr. Frank Judd, Foreign Office Minister of State, said the Government hoped for a final decision on payment for the European MPs about the end of the year.

"It seems to me absolutely right that their remuneration should be the same as what is considered appropriate for members of this House."

Euro-MPs should be liable for tax at British rates, he added.

The whole question must be clearly resolved before European elections, set for next summer, took place. "Those who stand and are elected must know what their terms of service will be."

The final responsibility lay with Ministers in the European Council of Ministers.

Mr. Raphael Tuck (Lab., Watford) suggested a Royal Visit to Malta as a diplomatic gesture to the George Cross Island next March when the last British forces are due to pull out.

If a member of the Royal Family were to attend the handing-over ceremony, it would be *another* recognition of the "valiant stand" made by the island during World War II, Mr. Tuck said.

"Heads of State have been to Malta — but never our head of state. If a member of the Royal Family were to be there, it would give great delight to the people of Malta, its Government and Prime Minister."

Mr. Judd said he was sure Mr. Tuck's suggestions "would be taken into account as one possible way of marking the significance of this new chapter."

Britain looked forward to a "good and positive relationship" with Malta after the completion of the military withdrawal.

Intermediate areas to get tourism aid

INTERMEDIATE ECONOMIC areas of England are to receive aid for tourist projects in 1979-80, Mr. John Smith, Trade Secretary, said in a Commons written reply.

An extra £1.5m is to be pro*vided to the English Tourist* Board for the additional expenditure.

Up to now, aid has been available only for development and special development areas. Yesterday's *announcement* doubles the area of England which will benefit.

Govan workers reject standstill

By Ray Perman, Scottish Correspondent

PLANS TO rationalise wage bargaining within the British Shipbuilders group met a setback yesterday when workers at Govan on the Clyde said they could not accept a pay standstill necessary to enable lower-paid yards to catch up.

The proposal to move towards national wage bargaining was revealed at a special delegate conference of the Confederation of Shipbuilding and Engineering Unions at Newcastle last week.

Mr. Jimmy Airlie, convenor at Govan Shipbuilders, said yesterday that if the yard had to wait until other workers reached the proposed minimum wage levels, it would be January, 1980—27 months after its last wage agreement — before Govan received an increase.

"This is an intolerable position. If there is to be a move towards national pay negotiations, it should be open so that workers in the higher pay bracket can receive rises to keep pace with inflation," he said.

He added that any new wage bargaining system must allow claims to be put forward at yard level and must provide for rank and file representation through a delegate conference before the national claim was formulated.

A meeting at Govan overwhelmingly backed Mr. Airlie's argument and pledged itself to *oppose any cutback in manpower* or capacity, within the industry. British Shipbuilders has said it wants to reduce capacity by a third and lose 12,300 jobs by 1981.

Drivers set to accept British Oxygen deal

BY NICK GARNETT, LABOUR STAFF

THE 3,000 drivers and gas cylinder handlers in British Oxygen's gases division looked set last night to accept the company's guideline-breaching 9½ per cent pay offer.

Union negotiators *said* mass meetings at more than half the 46 depots had so far voted, with acceptances over rejections running at three to one.

At the same time, the division offered its 1,800 white-collar staff a deal on pay and a common anniversary date, apparently in breach of both the 5 per cent limit and the rule that there should be 12 months between major settlements. That rule is n longer accepted by the TUC.

Union negotiators for the staff, who include supervisors and administrative personnel, are recommending acceptance of the offer which, they said, represents 8½ per cent on basic salaries and 1 per cent on existing productivity payments.

This would *seem to* be in line with the manual workers offer. Both deals include a non-specific agreement from the unions to negotiate with the company on ways of improving productivity.

Unions officials said the company had agreed to a common pay anniversary date for white-collar staff next October.

Two grades have an October settlement date, while for three others it is the following July.

It is thought that the proposals would involve the two grades receiving the full 9½ per cent, backdated to October.

The other three grades would receive the 9½ per cent in four staged payments. The first payment—backdated to October—would be only three months after a 10 per cent Phase Three settlement.

The company is also understood to have offered a new job evaluation scheme for the group. White-collar workers in the division, represented by the Association of Scientific, Technical and Managerial Staffs, and the white-collar section of the Transport and General Workers Union, and the General and Municipal Workers Union, have been imposing a policy of non-co-operation in support of the claim for a common anniversary date.

Times makes progress in talks with six trade unions

BY CHRISTIAN TYLER, LABOUR EDITOR

WITH ONLY a week to go before the possible suspension of the Times and the Sunday Times, the papers' management yesterday wrote to the National Graphical Association, the one *union* which refused to talk about industrial relations reforms and new technology, and asked it to reconsider its "inexplicable" decision.

Times Newspapers has given the unions, at national and house level, until next Thursday to sign pledges, or it will close its publications, including the three Times supplements, temporarily.

Some progress was made with the other unions yesterday, when a new and rapid disputes procedure was agreed with six general secretaries and national officers. The procedure, from which a financial penalty clause has been dropped, will now have to be endorsed by union chapels (office branches).

Mr. Dugal Nisbet-Smith, general manager, said: "This is a most encouraging step forward. It shows how, given good will, the most complex issues can be satisfactorily resolved after a relatively short time."

Time is now of the essence. The company has so far reached agreement with only one of 54 groups of workers. Another couple may *soon follow*. But in some cases talks are still at an early stage.

However, without the co-operation of the NGA, whose signatures are vital to the *staff* reductions, new technology and procedural changes demanded by the company, success in other negotiations may not be enough to avert the close-down.

There was no sign yesterday that the company would defer its deadline, as requested by at least two unions, even if the NGA reversed the decision of its national council to withdraw *from* all talks.

A separate development yesterday was the rejection by the Newspaper Publishers' Association of a pay claim by Fleet Street printers which, it said, could be as high as 95 per cent. The union have asked for a 15 per cent pay rise, and other improvements.

The NPA said it considered itself bound by the Government's 5 per cent *limit*. *Sir Richard* Marsh, the chairman, said there was scope for improved productivity deals.

● The emergency committee of the executive committee of the *National Union of Journalists* yesterday sanctioned lightning strikes by 240 journalists at the Press Association, in support of their demand for parity with other Fleet Street journalists.

● The Newspaper Society will meet Department of Employment officials today to ask for approval for a 9 per cent pay rise for 9,000 provincial journalists who are imposing sanctions in support of a £20 a week pay claim. The Bristol Evening Post failed to publish for the second successive day yesterday, and some other papers were reduced in size.

Plea from bakers

THE TUC general council yesterday endorsed the notification by Mr. Len Murray, general secretary, of a request from the Bakers' Union for union members not to handle bread or do work normally carried out by members of the union.

Mr. George Wright, general secretary of the Wales TUC, said yesterday that affiliated unions would be asked to tighten up support for picketing at flour mills in Barry, Cardiff and Tewkesbury. It will also ask unions whose members are baking bread to take disciplinary action against them.

One of three large bakeries on Merseyside, Cousins, is to look for other workers to man the bakeries if the strikers refuse to return.

Plan to reorganise bank staff unions welcomed by NUBE

BY NICK GARNETT, LABOUR STAFF

THE NATIONAL *Union of Bank* Employees announced yesterday that it accepted in broad principle the independent report on reorganising bank staff representation.

The report, by Dr. Tom Johnston, chairman of the Scottish Manpower Services Committee, proposes formation of a new TUC-affiliated trade union in the finance industry with a member*ship of more than 200,000.*

This would form the umbrella body for a staff section, representing members of the National Union of Bank Employees and the staff associations, within the *five English clearing* banks.

The union said it would seek discussions with the staff associations—at Barclays, Lloyds and National Westminster—on the *proposal to set up a joint staff* body for the clearing banks.

It is also examining the structure of the umbrella body and its relationship to NUBE members outside the clearing banks. This *could involve, for example*, the issue of separate sections for the Scottish clearing banks and other finance houses.

Mr. Leif Mills, the union's general secretary said NUBE was *particularly pleased* with the report's emphasis on the need for national negotiations in the English clearing banks and on TUC-affiliation.

The union is aiming for an *outline* agreement with the staff associations on reorganisation by Easter but the attitude of the associations is still problematical.

The Barclays Group Staff Asso*ciation is thought to be* particularly concerned about the autonomy the clearing bank section would have within the umbrella body. It also sees problems on the question of staffing the new *bodies with full-time* union officers.

Lloyds staff association submissions are similar to the Johnston proposals but the association is worried about the *reaction of the Association of* Scientific, Technical and Managerial Staffs. This TUC-affiliated union, which has members in Midland Bank and other finance houses but was not part of the *inquiry is opposing the proposals* within the TUC.

The unions and the banks are due to report back to Dr. Johnston on December 8.

Junior doctors offer to yield strike rights

REPRESENTATIVES OF the 21,500 junior doctors will offer today to give up the right to take industrial action, in return for direct negotiations with the Government on pay, and setting-up of an independent arbitration board.

The junior doctor's proposals will be put to Mr. David Ennals, Social Services Secretary, at a meeting in London today. Such an arrangement could have wide repercussions for industrial relations in the National Health Service.

At their annual *meeting* earlier this year the junior doctors, members of the British Medical Association's Junior Staff Committee, decided to opt out of the pay review body system.

The meeting with Mr. Ennals is aimed at establishing direct bargaining links. Findings of the independent arbitration committee, composed of members acceptable to both sides, would have to be binding on both the Government and the doctors.

CPSE Left opens new campaign

BY PHILIP BASSETT, LABOUR STAFF

LEFT - WING members of Britain's largest civil service union, the Civil and Public Services Association, yesterday opened their campagn to re-elect the predominantly Left-wing *executive*. Last month, in a constitutional crisis, the previous elections were declared void.

A confidential report found Mrs. Kate Losinska, the moderate vice-president, should tave held her position in the election for the post at the union's annual conference in May, but she then lost her seat to Mr. Peter Coltman, the Communist Broad Left candidate.

The executive election was declared void because Mr. Coltman had *not* been given the chance to stand. Voting for the new executive starts tomorrow. machine 16——

The Broad Left launched its campaign with an attack on press. It claimed reporting of the overturning of the executive and on Mrs. Losinska's "moderate" group had "cynically, deliberately and unjustly" deprived the union of its "recognised elected leadership."

The Left denied ballot-rigging *allegations*, and said of the union's 1,000 branches, only 25 switched their votes.

Only four of those transferred to Mr. Coltman. The Left said that seven branches who nominated Mr. Coltman did not vote efor him.

● NEWS ANALYSIS—SPECIAL CASES FOR PAY

Lengthening queue of hopefuls

BY PHILIP BASSETT AND PAULINE CLARK

BRITAIN'S 18,000 ambulancemen are to join the lengthening queue of applicants for special case treatment under this year's five per cent Government pay policy.

Guarded hints of industrial action have already been made, bringing back memories of the impact on the public of last winter's national firemen's strike.

This can only darken the already gloomy prospect of a series of bloody fights over Government pay policy in the winter months ahead.

Special case demands under the Government's White Paper, Winning the Battle Against Inflation, promise to provide a fresh area of interest.

They will undoubtedly tax the ingenuity of trade union leaders and Ministers alike, when variations on other themes of the pay policy — such as self-financing productivity deals — have been largely exhausted.

The "special case" line-up is already pretty varied — in the range of arguments being used to justify the applications as well as in the widely different characteristics of the individual groups making them.

In the private construction sector, 30,000 plumbers and 18,000 heating and ventilating industry pipefitters have recently won their cases for special treatment.

Still under consideration are a number of other applicants, including 420,000 nurses and midwives, 25,000 BBC employees and about 600 supervisors employed on Britain's waterways and canals.

Yet another range of union leaders is preparing cases for submission to the appropriate Goverment department.

Mr. Jack Boddy, general secretary of teh National Union of Agricultural and Allied Workers, will shartly be meeting Mr. John Silkin, Ministre of Agriculture, to press for special treatment on behalf of about 300,000 farm workers.

Employers of 90,000 provincial journalists, at present taking industrial action over pay, said last week that they would ask for a special increase to help senior journalists in particular.

*And the Association of Scien*tific, Technical and Managerial Staffs wants a special deal for 15,000 university technicians.

Finally, about 600,000 white-collar civil-servants—the biggest *group of all—are preparing* a novel claim tied to the work of the newly-ressurected Pay Research Unit.

The number of British workers demanding special exemption *from the five per cent pay rise* ceiling has thus risen to about the same in the first quarter of the present round.

With Ford workers having already overstepped the guidelines and union leaders *of 1.5m* local authority and health service workers also seeking special case treatment on the grounds of their low pay problems, the word "special" is beginning to need redefinition.

Official guidance given to civil servants this year on the five per cent policy seems to anticipate the problem. It warns that very few groups are expected to qualify and gives strict instructions that no suggestion should be made that any particular group might qualify unless "collective Ministerial" authority.

The group with the best chance of success appear to be those which suffered unfairly from the 1975 incomes policy cut-off point—an argument specifically mentioned in the White Paper.

The ambulancemen look like having a good run at least. They point *to the extent to which* their wages will be out of line with those of the other wings of the emergency services—firemen and police—when these groups' special deals are fully implemented *in the next wage round.*

The nurses, too, are likely to receive at least public sympathy for their claim, based more or less on the idea that they should be compensated for not being able to negotiate a productivity deal—probably the more original argument of all.

Civil servants, meanwhile, have taken a quasi-legalistic approach by scrutinising the *White Paper for loopholes.*

They believe that the crucial paragraph tightening the special case provisions leave exactly the room needed for the terms of reference of the Pay Research Unit, which determines civil service pay by detailed comparisons with jobs in the private sector, to squeeze through.

The guidance notes make clear *that pay for any group seeking* special-case status must be determined by "objective external comparisons" which must be "well-established" before July 1975." Pay comparisons must also be with "other groups doing comparable work requiring comparable degrees of skill."

The comparisons must show that relativities were interrupted by the introduction of pay policy in 1975 and that the independent assessors would be asked "merely" to identify "the appropriate current rate of pay" against pre-July 1975 comparisons.

The Civil Servants base their demands for special case status on three main arguments: that the pay research unit is an independent pay body, similar to those which successfully recommended increases for the police, firemen and armed forces; that the unit was suspended in 1976, so providing civil servants with a similar grievance to those caught by the introduction of pay policy then, such as the university teachers; and that a fight with them over pay would acutely embarrass a Government trying to weather large private sector breaches of the policy.

The Marketing Scene

EDITED BY MICHAEL THOMPSON-NOEL

Tesco in the '80s

BY WINSTON FLETCHER

LESLIE PORTER, Tesco's ebullient chairman, last week offered a Market Research Society lunchtime audience a tantalising peep into his crystal ball. Such is Tesco's magnetic pulling power—with marketing men, it seems, as well as with grocery customers—that the event was an Evita-like sell-out almost a month ago. However, knowing that the crowded congregation was peppered with competitors ("I don't seem to recognise many of the faces here today," quipped MRS chairman Eileen Cole), the dextrous Mr. Porter adroitly ensured that his soothsayings, like the Oracle at Delphi's, didn't give much away.

Speaking before this week's results were published, his theme was market research into the eighties, and his brief address carried three principle strands. First, the effects of ever-more-rapid change upon retailing. It was, he claimed, the result of their forecasts of 1980's trading patterns that persuaded Tesco to drop Green Shield Stamps 18 months ago.

While the decision was widely viewed merely as a tactical response to Asda and the other superstores' deepcut prices, Mr. Porter insisted that it was based upon longer-term strategic considerations. In particular, the stagnation in the growth of food sales compared with the bonanza growth of non-food goods. Though trading stamps are fine for packaged foods, they are apparently less effective for the durables and other products into which Tesco are ever more powerfully moving. (Mr. Porter himself, it should be remembered, joined Tesco nearly 20 years ago to mastermind the chain's development of non-food trading.)

What, he asked rhetorically—implicitly attacking the automobile based out-of-town superstores—will be the effect of the predicted doubling of fuel prices during the next decade? Tesco itself is still closing small shops at a rate of knots (54 units in the last six months) and opening new ones a good deal more circumspectly. Mr. Porter predicted that the company would end up with less than 500 shops, compared with over 600 now. But Tesco clearly intends to preserve its strong presence in town centre High Streets, while latecomer Carrefour, for example, has little choice but to plump for the new perimeter developments.

Sticking to his prescient theme, the second strand of Mr. Porter's speech concerned the time and costs involved in opening new stores. Avoiding the heated issue of whether some supermarket chains are pushing the costs of entry foolishly high by putting in bids at up to £10 per square foot of sale area, compared with the going economic figure of £4, Mr. Porter simply pointed out that since it now costs an average £5m-£6m to launch a unit, and since it often takes years to get planning permission, in future only the very, very, largest of operators will be able to afford the ante, and the tempo of this historical trend seems likely to accelerate.

Indeed, the latest market share data from AGB suggests the progress of the big battalions to be unremitting. Tesco and Sainsbury have between them extended their share of grocery trading from 16 per cent to 23 per cent during the course of the Checkout v Discount '78 hostilities—yet it is not primarily the other majors who have suffered.

The Top Ten groups (including the Co-op and the voluntary symbol chains) now take over 70 per cent of the business. From slow beginnings in the 1950s, economies of scale continue to come to retailing in a big way. History may well show it to have been the major economic revolution of the generation.

It will moreover be refuelled, to return to the third and final strand in Mr. Porter's skein, by the forthcoming development of automated checkout systems. These are generally based on the laser scanning of special bar-markings and are already employed, Mr. Porter reports, by 80 per cent of U.S. packaged goods manufacturers. They cut in-store pilferage by about half, they produce direct sales/stock data by brand, and they can be computer linked directly to suppliers to quicken inventory movement and control. All of which will serve to increase efficiency and thence cut prices. However, since the system currently costs some $250,000 per shop, you are unlikely to see it in your local mom and pop.

One of his questioners pointed out that shopping in superstores isn't much fun: and Mr. Porter's clairvoyant glimpse of the future sounded relentlessly efficient but depressingly inhuman.

In contrast, I remember Sir Jack Cohen's reassuringly human answer to a question during a radio phone-in a couple of years ago. Tesco management, he said, tries exceptionally hard and very successfully to devise systems and procedures which are as precise, detailed, efficient and foolproof as anyone in the world can make them: but finally the success or failure of a store depends upon an unprogrammable factor, the manager.

Good managers make good stores, bad ones spell disaster. Whatever else Mr. Porter sees in his crystal ball, the future will not alter that.

Winston Fletcher is managing director of Fletcher Shelton Delaney.

U.S. magazines: unparalleled prosperity

BY ROGER NICHOLSON

MAGAZINES are at present enjoying as much of a boom in the U.S. as they are in Britain. Copy sales are up, advertising revenue is running well ahead of inflation, and there have been a number of significant new launches.

This mood of buoyancy was reflected at the magazine publishers' annual conference and exposition in New York recently which attracted around 3,000 publishers and magazine executives.

The exhibits attracting most attention were mini in-house computerised type-setting packages which some people think are likely to transform magazine publishing in the next five years in much the same way that photocomposition is transforming newspaper technology.

U.S. magazines — consumer, trade and technical—are now completing their third year in a run of prosperity unparalleled since the mid 1950's.

Recovery from the OPEC-induced recession of 1973-75 was boosted by the 1976 Bi-Centennial celebrations, which were particularly beneficial for magazines. That year advertising revenue in U.S. consumer and business magazines reached a record $2.9bn, 8.5 per cent of total U.S. advertising expenditure that year of $33.7bn. Consumer magazines got $1.8bn, and trade and technical, including farming, the balance of $1.1bn.

Against all expectations, the 1976 performance was substantially bettered in real terms last year. Advertising expenditure in business publications rose 14 per cent to $1.5bn, while advertising in consumer magazines jumped 21 per cent to $2.2bn, the biggest gain by any U.S. media sector last year.

The rate of growth has slowed now, but remains impressive with the U.S. Department of Commerce projecting an increase of 11 per cent in advertising revenue for business publications and 15 per cent for consumer magazines this year.

Estimating the number of publishing companies sharing out this pool is like trying to specify the population of China. Not all titles are registered, and numbers change rapidly. There are around 10,000 separate titles at present, but the bulk of the advertising revenue is shared by about 3,000, many of them trade, technical and business magazines with an average circulation, paid or controlled, of around 30,000 copies per issue.

The big publications are in the consumer field, where there have been spectacular developments in the recent past. The current issue of Time Incorporated's People will sell over 2.5m copies just two years after its launch, helped in this instance by an enigmatic cover picture of Jackie O, not the most original idea in magazine journalism but still a circulation booster. The same stable is encouraged by the reception given to the first issue of the re-launched and modified Life and there is now a pilot re-launch of its old rival, Look.

U.S. Family Circle last month sold a record 8.5m copies, almost all through supermarkets. In the McGraw-Hill Group, Business Week alone will carry something like $80m in advertising revenue this year.

Charles Mill, executive head of American Business Press Incorporated, is convinced the trade and technical sector will play an even more important role in the next decade, but he is worried about the high entry prices newcomers have been prepared to pay for established publishing companies, and about the upheaval which the introduction of in-house computerised type setting could cause in the next five years.

Current U.S. experience could undoubtedly be applied, with adaptations, to the UK. But there may not be all that much to go for. The Sunday colour magazines capture much of the market which might otherwise be taken by general consumer magazines. Surprisingly, too, in 1977, UK consumer magazine and trade and technical publications shared 18 per cent of total UK advertising expenditure, approximately double the percentage share of the total market enjoyed in the U.S. by their American counterparts.

Posters: how Pretty can you get?

BY PAMELA JUDGE

AMONG THE criteria required by the judges in the marketing awards for poster advertising is evidence of the effective use of creative poster advertising in marketing and information which will quantify the degree of marketing achievement.

The "new beefier taste" campaign for Oxo cubes by J. Walter Thompson for Brooke Bond Oxo has satisfied the judges and won the entrants the grand award for 1978. In its submission, JWT poses the question: "did posters work?" For an answer, the agency replies: "It is impossible to isolate posters from the rest of the activity. What we know is: attitudes to Oxo have improved significantly: in particular, the beefy taste attitude shot up: coincidentally, Bovril began to roll cubes out nationally: during the last year Oxo sales have risen by 50m cubes."

In 1977, TV was a natural choice but another medium was felt necessary to add significance and high publicity to the product. Posters were seen to fill the bill. They were, it is true, to be used to support TV, but the way they were used was uncommon for the medium. They were tailored as a news announcement—heavyweight advertising for a short time. A saturation 8,000 sites were employed. The beefy men appealed to housewives—in fact, hundreds sent pictures of their men to appear as Oxo lovers and some were used in the posters. All this added up to the most outstanding entry for the annual awards, co-sponsored by the Institute of Marketing and British Posters.

There are also four categories in which gold and silver awards may be made. This year they have gone to Durex contraceptives (Benton and Bowles), Gordons Gin (Foote Cone and Belding), Pretty Polly tights (Collett Dickenson Pearce) and the Concorde New York and Singapore poster (Foote Cone and Belding).

LRC Products ran the Durex Formula One small family car in order to reach a target audience of adults, but with a bias towards younger men. "In an omnibus study conducted four months after the campaign, 29 per cent of the population claimed to have seen the poster and 33 per cent of men between 16-24. This equals a 55 per cent awareness among the target market." In addition, the campaign generated a great deal of Press coverage.

Gin has the problem of facing changing drinking habits, the experimental sophisticated drinks sector and the growth of vodka and white rum. So any gin distiller worth his junipers must keep up his level of visibility. Tanqueray Gordon and Co's. cool green bottle advertising has been much admired among admen and it obviously helps—Gordons holds its share of 50 per cent, prompted awareness exceeds 90 per cent and regional strength has improved where posters have been used.

"When was the last time a man said you had a great pair of jeans"—a question illustrated by a great pair of legs—was conceived because of the swing to jeans and trousers hitting the hosiery industry. It created excitement among trade and consumer and much benefit to Pretty Polly. The current CDP ad was run to take account of the fact that sales of jeans and trousers are beginning to bottom out—dresses and skirts are coming back. It appears on the London Underground because of the high consumer traffic, exposure to a wide audience cheaply, and because buyers and fashion editors tend to be London-based. Reaction from the trade was considerable and immediate. And there was considerable editorial coverage.

In the last year Pretty Polly's average share of the UK hosiery market increased from 21 per cent to 25 per cent: advertising recall in 1978 was three times greater than for any other hosiery manufacturer, and the spontaneous awareness of Pretty Polly is up to 58 per cent. (It is not all put down to posters, though.)

The British Airways Concorde submission says of the New York 3½ hours, Singapore 9½ hours, Small World poster that the public could now begin to visualise the beginnings of a supersonic network. The Singapore service was cancelled a few days after its inauguration. But Concorde advertising in its entirety maintains a level of expenditure within the total British Airways promotional effort which recognises not only the kudos to be derived from operating the aircraft and the excitement of the innovation in air travel but also the relatively small market and revenue involved.

There are some things you can't quantify.

London's best-loved poster? This Collett, Dickenson, Pearce creation for Pretty Polly has extended the company's average share of the UK hosiery market from 21 to 25 per cent over the past year and won a top award in the poster advertising competition co-sponsored by the Institute of Marketing and British Posters.

Revamped promotion awards

BY JULIA PIPER

IT'S RESULTS that count in the revamped sales promotion industry awards for 1979. For the first time in the history of the competition, the judging criteria are related to the achievement of objectives of the campaigns and entrants will have to submit evidence of specific commercial performance. It ensures that the winners will have been decided on the basis of their success in the market-place, as well as the creative content of campaigns.

Other changes to the annual awards scheme include a new entry procedure, a panel of top marketeers to act as judges and the presentation of the awards in London by Sir John Methven, director-general of the CBI. The judges will include Howard Belton, company operations manager at Lever Bros.; David Brown, managing director of British Lego: Alan Scaping, sales promotion manager at Nestle: Geoff Darby, managing director of Cadbury; John Doswell, marketing director at Hedges and Butler, and Barry Silverman, marketing manager of the food division of the CWS.

The changes bring a new stature to the competition, and reflect the general trend in the industry towards greater professionalism, a trend decisively demonstrated earlier this year when its trade association was re-organised. The new Institute of Sales Promotion (formerly the Sales Promotion Executives Association) has acquired a permanent secretariat and launched a register of top consultancies in the business.

But perhaps its most important step towards greater professionalism has been the transformation of its annual awards. The competition provides a yearly opportunity for the sales promotion industry to show the best of its business. Yet in the past, that show has been far from perfect: and critics have had a field day.

The sales promotion business has long been viewed as the poor relation of media advertising, and despite valiant efforts, the annual awards scheme has done little to alter that image.

The winning campaigns, judged purely on creative content, were a mixture of good and bad and included some which were known to have failed miserably in achieving their objectives. Instead of providing a showcase for the work of the industry over the year, it became an event from which many of the professionals in the business shied.

This time it should be different. Under the chairmanship of Colin Hall, joint managing director of Promotional Campaigns, the ISP awards committee has made great efforts to introduce an air of professionalism.

Welcome for shorter TV ads

THAMES TELEVISION'S idea for new TV advertising spot lengths in multiples of ten seconds has earned a qualified welcome from TMD, the media specialists. Thames' sales director Jim Shaw suggested recently that instead of selling airtime in seven, 15, 30, 45 and 60-second spots, the contractors should consider switching to spots of 10, 20, 30, 40, 50 and 60-second lengths.

According to TMD: "The thinking behind this suggestion is that most advertisers would trade down rather than up in spot length, using 10 seconds instead of 15, 20 instead of 30, 40 instead of 45 and 50 instead of 60. This would not, of course, increase the total amount of airtime, but it would make room for more commercials and therefore accommodate the needs of more advertisers."

Two conditions would have to be met, says TMD. First, the whole network would have to make the switch simultaneously. Second, advertisers would need sufficient notice—12 months is suggested—to phase out existing TV commercials and make new ones.

"As this suggestion emanated from Thames, the acknowledged masters at maximising rate-card potential, it is difficult to resist the suspicion that there may also be something in it for the contractors. Assuming that spot lengths shorter than 30 seconds would continue to carry a loading, the contractors would certainly benefit from any increase in the proportion of total airtime being sold at the shorter lengths."

However, says TMD, shorter commercials would obviously help advertisers stretch their TV budgets a bit further in terms of total TVR's and do something to relieve TV ad congestion. "In the absence of any better idea, this one seems to be worth serious examination."

● ALLEN THOMAS, a creative head at J. Walter Thompson, is joining Davidson Pearce Berry and Spottiswoode as executive creative director from January 1. Norman Berry will become DPBS's head of accounts services, and remains deputy chairman. The agency is expected to bill £20m this year.

● ROGER EDWARDS, deputy managing director at Leo Burnett, becomes managing director from December 4. Bob Barocci becomes chairman and chief executive officer from that date. Niall Lynch-Robinson, currently non-executive chairman, is retiring.

● MEAL IS TO offer a new service monitoring poster advertising expenditure in nine major product categories, including food, drink, finance, travel and clothes. MEAL is also planning a special report on 1978 spending by all £250,000-plus brands and the top 50 agencies.

LOMBARD

Outlook for oil prices

BY PATRICK COCKBURN

WHEN THE Organisation of Petroleum Exporting Countries meets to discuss an oil price rise in Abu Dhabi in mid-December Saudi Arabia should once again be leading the moderates. According to Shaikh Ahmed Zaki Yamani, the Saudi Arabian Oil Minister, speaking last weekend, his country would prefer an oil price freeze, though this may well be an opening ploy to try to keep the eventual price increase to around 5 per cent. With Saudi Arabia responsible for over a quarter of OPEC's total exports Shaikh Yamani will, as at previous conferences, clearly be in a position to call the final tune.

For the more militant OPEC states such as Iraq, Libya and Algeria such an outcome would be a bitter blow. Iraq, the largest Arab oil exporter after Saudi Arabia has been calling for an increase of no less than 25 per cent.

Wiped out

All OPEC States are conscious that they have come a long way since the heady days after the 1973-74 oil price increases. The current account surplus of its 13 members has dropped from some $65bn in 1974 to perhaps below $20bn this year. And among the oil exporters with large populations the capacity to absorb oil revenues has increased so much that the surpluses have been generally wiped out.

Kuwait, for instance, says that since the last oil price increase in December 1976 the decline in the value of the dollar and inflation had wiped out 30 per cent of the real revenues of OPEC. But Saudi Arabia has countered such justifications for an oil price increase by saying that its fellow OPEC members are looking everywhere except at the state of the world demand for oil. The real need, they argue, is for a resurgence in the economies of the industrialised States and hence an increase in demand.

Sheikh Yamani's preference for a freeze on prices, which presumably means that an increase of nearer 5 per cent than 10 per cent is to be expected, shows that nothing has persuaded the Saudis that their old arguments were wrong. With the Saudis' own production recently averaging 10.1m barrels a day they will once again be in the position of playing referee at Abu Dhabi, though inevitably constrained by a desire not to break up the cartel.

Indeed, up to the end of the summer, the run up to the OPEC conference and the vociferous arguments of hawks and doves could be viewed with a strong sense of déjà vu. All the old arguments, the threats, the statistical contortions were being trotted out in the knowledge that any bluffs around were bound to be called by the Saudi Arabians. Mr. Blumenthal, the U.S. Treasury Secretary who has been touring the Middle East oil producers over the last week can return home satisfied that the radicals' arguments have made little headway in Riyadh.

But if the western oil consumers can now look forward to the Abu Dhabi meeting with greater confidence there is no long-term reason for any jubilation. The crucial change in the oil scenario over the last month has been that the continuity of oil supplies from Iran, the second biggest oil exporter in the world, is no longer certain.

Strikers in the Iranian oilfields appear to be coming back to work and production is now up to around two thirds of normal. But the appreciation of the long-term significance of the strike has been somewhat clouded by fears of its immediate impact.

More important, however, is the virtual certainty that control of the Iranian oilfields, and hence of that country's almost only source of foreign exchange earnings, is now a vital weapon in the struggle between the Shah backed by his military administration and the opposition. The demand of the oil strikers was for political change. There is no reason to suppose that even those who have started work again will not resume their strike over the next year. In other words the level of Iranian crude production, which was averaging 6m barrels a day in September, will in future depend on the internal politics of Iran and not on the world's demand for oil.

The moderates

At Abu Dhabi, ironically, the Shah's very weakness should strengthen the hand of the moderates. Much though the Shah needs extra revenues he made clear to Mr. Blumenthal, when he was in Tehran earlier this week, that Iran would take a back seat at Abu Dhabi. The severity of the crisis he now faces means that he needs U.S. and west European support even more than he needs the money.

But, at the same time, any Iranian government is going to have a need for much more oil revenue and possibly a desire to try to defuse internal crisis by striking a militantly independent stance abroad.

A flexible approach to the constitution

BUSINESS AND THE COURTS

BY A. H. HERMANN, Legal Correspondent

THE GERMAN Federal Constitutional Court next week will start hearing one of its most important cases. It is the complaint of German employers' organisations that a law increasing the power of trade union representatives on supervisory boards of German companies puts both management and the shareholders at a disadvantage, depriving them of the freedom to formulate and defend their collective bargaining positions independently of the trade unions. It is also alleged that parity of workers' representatives with those of the shareholders infringes the *fundamental right* of ownership. Speaking in London last week, Professor Ernst Benda, the court's president, said that the German constitutional law—the *Grundgesetz*—does not determine the nature of the country's economic order. It leaves to the German Parliament the freedom to modify and change the present market economy as long as it respects the dignity of man, freedom and democracy. He was addressing the British Institute of International and Comparative Law in London last Thursday and, understandably, did not mention the employers' constitutional complaint.

However, his emphasis on the Court's view that the present German constitution could accommodate an economic order different from the present one is an ill omen for the outcome of the employers' complaint. The Constitutional Court is too politically conscious to want to interfere with the business of politics. Unlike the U.S. Supreme Court, the German Constitutional Court does not refuse to hear applications concerning matters which are awaiting political decision, but it takes care not to interfere unduly with the affairs of legislature. It also treats the guarantees of fundamental rights of the citizens flexibly and has evolved a scale of constitutional values, ranking some more important than others.

The guarantee of property rights is, in the judgment of the court, subordinated to public interest—as property owners in Hamburg learned to their loss when they complained that their Senate had expropriated their properties for the urgent purpose of building of flood dykes. There was no time for the slow process of acquisition by private contract in this case, the court said, and the Senate had not infringed the Constitution by sequestrating the land and awarding compensation to owners.

Lord Scarman, one of the main supporters of a Bill of Rights for the UK, who chaired Professor Benda's lecture said that it contained many important lessons for this country. With due respect, as they say in Court, one cannot help feeling that they have their limits. Let us suppose, for the sake of argument, that the German Constitutional Court were to take a decision unfavourable to the trade unions. There is little doubt that they would respect it, though under protest. Let us now imagine a similar decision unfavourable to the trade unions taken by a Constitutional Court of the UK, if there was one. There is no need to elaborate on the consequences.

The general experience of the many constitutional courts of Europe has been that they operate well as long as the constitution is not threatened. The best constitutions and Bills of Rights most solemnly affirmed, beautifully printed on expensive paper and taught at all elementary schools can be completely ignored by those who possess the political power. The Soviet Union and its constitution is an example. That doesn't mean, of course, that constitutional courts are useless. They may help to settle numerous marginal conflicts which appear in every system and which tend to be more numerous in democratic systems. The marginal problems may be quite important: in 1966 the German Constitutional Court declared a particular version of the turnover tax to be unconstitutional and gave the legislature time to amend it.

In an earlier decision, now known as the "chemists' judgment," the court ruled out Bavarian legislation aimed at licensing pharmacies. The court found that the law infringed the constitutionally guaranteed freedom of establishment. After considerable research into both the legal and business aspects of dispensing chemists' business in Germany, Switzerland and the Netherlands, the Court reached the conclusion that the freedom of establishment could be extended to them without serious danger to public health.

The court probably reached the borders of politics in the Der Spiegel judgment of 1966. The complaint concerned a police search of the editorial offices of the magazine. It prompted the court to say that the freedom of Press guaranteed by the Constitution involves the free establishment of publishing enterprises, free access to the profession of journalism, the duty of government departments to provide information to the Press and also under certain circumstances the duty of the government to prevent damage to the freedom of the Press by monopolies.

THE Pig Marketing Board's prosecution of Mr. Raymond Redmond who was caught in *Northern Ireland* with a lorry full of bacon pigs but without the Board's permit to transport them provides a good example of how the European Court has become a substitute for a constitutional court for the UK. The question which the European Court has now been asked to rule on is whether the British Agricultural Marketing Act is or is not valid. Mr. Redmond and the EEC Commission are of the view that it is null and void as far as it interferes with the EEC's organisation for the pig market. When a similar question was raised about the validity of an Italian statute the Italian Government was able to use its constitutional court as a shield. But another difficulty arose: while the Italian constitutional court insists that lower courts can be relieved of the obligation to observe an Italian statute made later than an EEC regulation only by its own decision, the European Court insists that its rulings are directly binding on lower Italian courts and that they have no need to wait for the annulment of the statute by the Italian constitutional court.

Mr. Redmond is backed by the EEC Commission which told the Court that all obligations imposed on pig producers to sell only to a national marketing board or through its agency have been abolished by the EEC Treaty and EEC Regulation 2759/75. This view was contested by the Northern Ireland Pig Marketing Board vehemently and by the British Government somewhat hesitantly.

It now seems improbable that the Court will be persuaded to leave the Pig Marketing Board alone. Herr Gerhard Reischl, one of the Court's Advocates General, presented to the Court an Opinion which provides strong support to the stand taken by the EEC Commission. Herr Reischl relied on earlier decisions of the court which declared several French and Italian national marketing schemes to be illegal.

Josh Gifford treble on the cards at Kempton

RACING

BY DOMINIC WIGAN

JOSH GIFFORD, who a year ago today lifted the first two races at Kempton through Royal Judgement and Tiepolino, looks to have an equally profitable afternoon in store there today.

His runners include Serpent *Prince in the Teddington Handicap* Chase, Sweet Kybo in the Hounslow Handicap Hurdle and Socks, who lines up alongside two stablemates for the closing event, Div 2 of the Vauxhall Novices Hurdle.

The former champion jockey's best prospect is the lightly raced Sweet Kybo. This bay gelding could finish only fourth of five behind Cabin Boy on his seasonal debut at Newbury a month ago, but nevertheless, showed promise.

Fast between his hurdles—some of which he was inclined to take by the roots—Sweet Kybo held every chance until weakening after jumping the penultimate flight. Sure to be all the better for that run, Gifford's four-year-old ought to prove capable of taking advantage of the 13-lb he receives from the Queen Mother's 10-year-old Tammuz.

It will be interesting to see if Sweet Kybo's senior stable companion, Serpent Prince, is good enough to give from between 3-lb and 27-lb to the trio who oppose him over the three miles of the Teddington 'Chase. Lady Roote's course winner did extremely well to run the more fit and fast improving Carriseen Hill to three lengths in Ascot's 2½-mile Embassy Premier 'Chase qualifier on his only previous outing this term. Barring any major jumping errors he too should be capable of obliging.

I shall be looking to Fred Winter's formerly high class 'chaser Lord Browndodd, a respectable fourth of 10 behind Scroggy in the Mitchell's and Butlers Brewery 'Chase at Worcester earlier this month.

KEMPTON

1.00—Prince's Risk
1.30—Summer Story
2.00—Serpent Prince**
2.30—Sweet Kybo***
3.00—Ravir
3.30—Socks*

David Morley's Banlieu was the one they all seemed to be after for the Hennessy Gold Cup on Saturday, and he is now down to 8 or 10-1 in most lists for the big Brandy 'Chase at Newbury.

TV/Radio

† Indicates programme in black and white

BBC 1

9.41 am For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 Bagpuss. 2.00 You And Me. 2.14 For Schools, Colleges. 3.55 Play School (As BBC-2 11.00 am). 4.20 Yogi Bear. 4.25 Jackanory. 4.40 Emu's Broadcasting Company (EBC-1). 5.05 John Craven's Newsround. 5.10 Blue Peter.

5.40 News
5.55 Nationwide (London and South-East only)
6.20 Nationwide
6.55 Tomorrow's World
7.20 Top Of The Pops
8.00 The Good Life
8.30 Mastermind
9.00 News
9.25 The Richard Dimbleby Lecture: Lord Rothschild discusses the assessment and acceptability of risks.
10.15 It's Stolen Your Face
11.00 Tonight
11.40 Weather Regional News

All Regions as BBC-1 except at the following times:—

Wales—2.14-2.34 pm I Ysgolion. 5.55-6.20 Wales Today. 6.55-7.20 Heddiw. 11.40 News and Weather for Wales.

Scotland—9.41-10.01 am and 11.30-11.50 For Schools. 5.55-6.20 pm Reporting Scotland. 10.15 Opening Night of (and simultaneous with) the new Radio Scotland. 11.00 Thursday Night. 11.40 News and Weather for Scotland.

Northern Ireland—11.30-11.50 am For Schools (Ulster in Focus). 5.53-5.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.00 The Fall And Rise Of Reginald Perrin. 11.30 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

11.00 am Play School.
5.10 pm Open University
7.00 When The Boat Comes In
7.50 Mid-Evening News
7.55 Newsweek
8.30 Midweek Cinema: "Rebel Without A Cause," starring James Dean and Natalie Wood
10.20 Accident
11.10 Late News
11.25 Schubert (1797-1828): Piano recital
11.55 Closedown (Reading)

LONDON

9.30 am Schools Programmes. *12.00 Topper's Tales.* 12.10 pm Pipkins. 12.30 Toycraft. 1.00 News plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 Afternoon. 2.25 Fallen Hero. 3.20 Looks Familiar. 3.50 The Sullivans. †4.20 Children's Film Matinee: Escapade in Japan. 5.45 News. 6.00 Thames at 6. 6.30 Crossroads. 7.00 The Bionic Woman. 8.00 George and Mildred. 8.30 TV Eye. 9.00 The Sweeney. 10.00 News. 10.30 Thames Report. 11.00 Rafferty. 12.00 What the Papers Say. 12.15 am Close: A painting by Renoir with music by Cesar Franck.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 pm Anglia News. 2.00 Women Only. 4.20 Spiderman. 4.45 The Flintstones. 5.15 Emmerdale Farm. 6.00 About Anglia. 6.20 Arena. 7.00 Bygones. 7.30 Botanic Man. 10.30 Mystery Movie: McCloud. 12.15 am Your Music at Night.

ATV

1.20 pm ATV Newsdesk. 3.55 The ATV Thursday Picture Show. 6.00 ATV Today. 7.00 Emmerdale Farm. 7.30 Botanic Man. 10.30 Format V. 11.00 Movie Premiere: "Yesterday's Child," starring Shirley Jones and Geraldine Fitzgerald.

BORDER

11.20 pm *Border News. 4.20 The Little* House on the Prairie. 5.15 Laverne and Shirley. 6.00 Lookaround Thursday. 7.00 Emmerdale Farm. 7.30 Botanic Man. 10.30 Border Journey. 11.00 Chopper Squad. 11.55 Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 4.20 The Little House on the Prairie. 5.15 Cartoon. 5.20 Spiderman. 6.00 Channel News. 6.10 Lassie. 10.28 Channel Late News. 10.32 Sandokan. 11.00 Movie Premiere: "What Are Best Friends For?" 12.20 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm Grampian News Headlines. 4.20 Little House on the Prairie. 5.15 The Bob Newhart Show. 6.00 Grampian Today. 10.30 Police News-room. 10.35 Sportscall. 11.15 Reflections. 11.20 Grampian Late Night Headlines. 11.25 The Practice.

GRANADA

1.20 pm *This is Your Right. 4.20 Spiderman.* 4.40 Westway. 5.10 What's New. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Emmerdale Farm. 7.00 The Six Million Dollar Man. 10.30 What's On. 11.00 What The Papers Say. 11.20 Barnaby Jones.

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.00 Women Only. 4.20 Little House on the Prairie. 5.15 Job-Line Newsdesk. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 It's A Dog's Life. 7.00 The Six Million Dollar Man. 10.35 Gallery. †11.05 The Thursday Film: "Remember the Day" starring Claudette Colbert, John Payne.

HTV CYMRU/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.20 Seren Wib. 4.45 The Flockton Flyer. 5.15-5.20 Jobline—Wales. 6.00-6.15 Y Dydd. 6.30-7.00 Sports Arena. 10.35 Image '78. 11.05 A Home for the Future . . . A thing of the Past? 12.05-12.35 am Get Some In.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Sport West.

SCOTTISH

1.25 pm News and Road Report. 2.00 Women Only. 4.20 Tarzan. 5.15 Cartoon. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Garnock Way. 7.00 The Botanic Man. 7.30 Welcome to the Ceilidh. 10.30 From the Top. 11.00 Late Call. 11.05 Emergency. 12.00 Love American Style.

SOUTHERN

1.20 pm Southern News. 2.00 Women Only. 4.20 Lassie. 4.45 Beachcombers. *5.15 The Undersea Adventures of Captain* Nemo. 5.20 Crossroads. 6.00 Day by Day. 6.30 University Challenge. 7.00 Emmerdale Farm. 7.30 Botanic Man. 10.30 Southern News Extra. 10.35 People Rule! 11.05 Barnaby Jones. 12.05 am What the Papers Say.

TYNE TEES

9.25 am The Good Word, followed by North East News Headlines. 1.20 pm North East News and Lookaround. 2.00 Women Only. 4.20 Thursday Matinee: "Pioneer Woman." 6.00 Northern Life. 7.00 Emmerdale Farm. 7.30 Botanic Man. 10.35 Northern Scene. 11.00 Pro-Celebrity Snooker. 11.45 The New Andy Williams Show. 12.15 am Epilogue.

ULSTER

1.20 pm Lunchtime. 4.18 Ulster News Headlines. 4.20 The Beachcombers. 4.45 Lassie. 5.15 Cartoon. 5.20 Crossroads. 6.00 Reports. 6.25 Police Six. 6.35 Happy Days. 7.00 Emmerdale Farm. 7.30 Botanic Man. 10.30 Counterpoint. 11.00 The Practice. 11.25 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 4.20 The Little House on the Prairie. 5.15 Cartoon-time. 5.20 Just the Job. 6.00 Westward Diary. 10.28 Westward Late News. 10.30 Preview West. 11.00 Movie Premiere: "What Are Best Friends For?" 12.20 am Faith for Life.

YORKSHIRE

1.20 pm Calendar News. 4.20 Jabberjaw. 4.45 Little House on the Prairie. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 7.30 Botanic Man. 10.33 The Love Boat. 11.30 InConcert: John Miles from the Gateway Theatre, Edinburgh. 12.00 The Protectors.

BBC Radio New Wavelengths			
1	1053kHz 285m 1089kHz 275m	3	1215kHz 247m & 90-92.5vhf stereo
2	693kHz 433m 909kHz 330m & 88-91vhf stereo	4	200kHz 1500m & 92-95vhf
BBC Radio London:	[illegible]		
Capital Radio:	1548kHz, 194m & 95.8vhf		
London Broadcasting:	1151kHz, 261m & 97.3vhf		

RADIO 1

(S) Stereophonic broadcast
†Medium wave

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.31 Kid Jensen. 7.0-10.02 As Radio 2. 10.00 John Peel (S). 12.00-2.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Tony Brandon (S) including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.02 RAC Rally and 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Country Club (S). 9.02 Folkweave (S). 9.55 Sports Desk. 10.02 Roy Castle in Castle's on the Air. 10.30 Star Sound Extra. 11.02 Brian Matthew introduces Round Midnight, including 12.00 News. 2.00 am News Summary.

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Rimsky Korsakov (S). 10.00 BBC Northern Symphony Orchestra concert, part 1: Mozart, Schubert (S). 10.35 Interval Reading. 10.40 Concert, part 2: Mahler. 11.40 Schumann, Brahms piano recital (S). 12.10 pm BBC Symphony Orchestra (S). 1.00 News. 1.05 Manchester Midday Concert (S). 2.00 "Wozzeck." opera in three Acts by Berg, Act 1 (S). 2.35 Berg (talk by Mosco Carner). 2.50 "Wozzeck," Act 2. 3.30 Words. 3.35 "Wozzeck," Act 3 (S). 4.05 Cooke and Haydn. Chamber Music concert (S). 5.00 Harpsichord Recital (S). 5.45 Homeward Bound (S). 6.30 News. 6.35 At Home: A Musical in Brief—"West Side Story" (S). 7.30 Bournemouth Symphony Orchestra, part 1: Beethoven (S). 8.5 The Gallows Songs (S). 8.30 Bournemouth SO, part 2: Bruckner (S). 9.40 The Not So Square Mile: A personal view of London by Dominick Harrod (S). 10.30 Perlemuter Plays Ravel (S). 10.55 John Jenkins. Chamber music concert (S). 11.45 News. 11.50-11.55 Tonight's Schubert Song on record.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today: Magazine including 6.45 Prayer for the Day. 7.00 and 8.00 Today's News. 7.30 and 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Mid-week with Desmond Wilcox. 10.00 News. 10.05 Checkpoint. 10.30 Daily Service. 10.45 Morning Story. 11.00 Analysis. 11.05 Listen with Mother. 12.00 News. 12.02 pm You and Yours. 12.27 The Peter Hudson Show (S). 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.10 Questions to the Prime Minister live from the House of Commons. 3.35 Afternoon Theatre (S). 4.35 Story Time: "The Master of Ballantrae." 5.00 PM: News Magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Top of the Form. 7.00 News. 7.05 The Archers. 7.20 Time for Verse. 7.30 "Under Milk Wood" play by Dylan Thomas (S). 9.25 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Any Answers? 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 Soul '78. 10.03 Late Night London. 12.00 As Radio 2. 12.05 am Question Time from the House of Commons. 1.05 Close: As Radio 2.

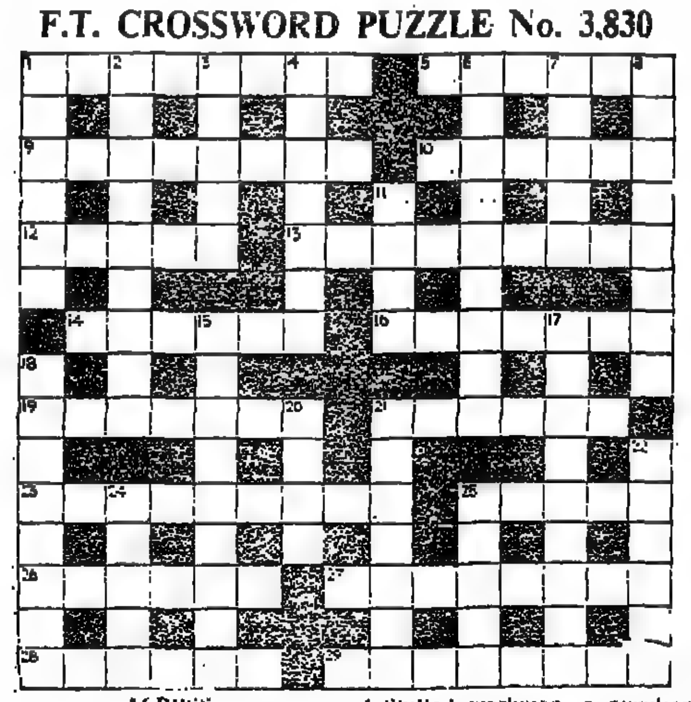
London Broadcasting

5.00 am Morning Music. 6.00 AM: Non-stop news, information, travel, sport. 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale's 3 O'clock Call. 4.00 LBC Reports (continues). 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 Lord George-Brown's Capital Commentary (S). 7.10 London Today (S). 7.30 Bryan Wolfe's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Mike Allen's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 3,830



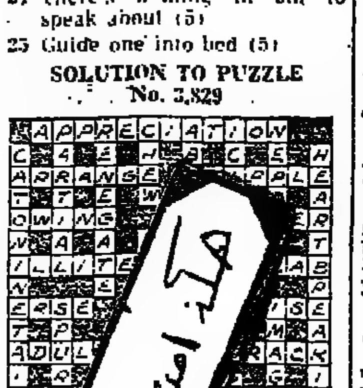
ACROSS

1 Cut up food with scissors we hear (4-4)
5 Value of a horse (6)
9 Fine diet that may be fixed (8)
10 In complete agreement to accept Pole in workers' group (6)
12 Great and regal lager it may be (5)
13 Drink beer with fan (9)
14 Fishes hooked by clergyman (6)
16 Eastern swine and sheep it's said sarcastically (7)
19 Withdraw soldiers and stand a round (7)
21 Meal from the south? My, it must be hot! (6)
23 Always in fur but may be cut off (9)
25 Finger this for identification and photograph (5)
26 Professional reviewer or fault-finder (6)
27 Writing of popular songs for dance with a formal ending (8)
28 Agreement to attempt to dine inside (6)
29 Ran a risk to publish rude version (8)

DOWN

1 Seat given by clergyman in sale (6)
2 Grass in plain for man training (9)
3 One of five we can see for example (5)
4 Skilled workman, a peculiar strain (7)
6 Instrument for chap on party line (9)
7 Disturb the elite (5)
8 Must rant horribly when having these (8)
11 Part of church partly collapsed (4)
15 Weapon to cast for flavour (9)
17 Soldiers going to sea with the German residue (9)
18 Saw angry wound (5-3)
20 A long hollow body underground (4)
21 Instruction to look at another side for loss of liquid (7)
22 Remained behind and supported (6)
24 There's nothing in sin to speak about (5)
25 Guide one into bed (5)

SOLUTION TO PUZZLE No. 3,829



ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the Box Office.

OPERA & BALLET

COLISEUM. [illegible]

COVENT GARDEN. [illegible]

SADLER'S WELLS THEATRE. [illegible]

THEATRES

ADELPHI THEATRE. [illegible]

ALBERY. [illegible]

ALDWYCH. [illegible]

ALMOST FREE. [illegible]

AMBASSADORS. [illegible]

APOLLO. [illegible]

ARTS THEATRE. [illegible]

ASTORIA THEATRE. [illegible]

CAMBRIDGE. [illegible]

COMEDY. [illegible]

CRITERION. [illegible]

DRURY LANE. [illegible]

DUCHESS. [illegible]

DUKE OF YORK'S. [illegible]

FORTUNE. [illegible]

GARRICK. [illegible]

GLOBE THEATRE. [illegible]

GREENWICH THEATRE. [illegible]

HAMPSTEAD. [illegible]

HAYMARKET. [illegible]

HER MAJESTY'S. [illegible]

KING'S ROAD THEATRE. [illegible]

LYRIC THEATRE. [illegible]

MAY FAIR. [illegible]

MERMAID. [illegible]

NATIONAL THEATRE. [illegible]

OLD VIC. [illegible]

PALACE. [illegible]

PALLADIUM. [illegible]

PHOENIX. [illegible]

PICCADILLY. [illegible]

PRINCE EDWARD. [illegible]

PRINCE OF WALES. [illegible]

QUEEN'S. [illegible]

RAYMOND REVUEBAR. [illegible]

REGENT. [illegible]

ROUND HOUSE. [illegible]

ROYAL COURT. [illegible]

ROYALTY. [illegible]

SAVOY. [illegible]

SHAFTESBURY. [illegible]

STRAND. [illegible]

ST. MARTIN'S. [illegible]

TALK OF THE TOWN. [illegible]

VAUDEVILLE. [illegible]

VICTORIA PALACE. [illegible]

WAREHOUSE. [illegible]

WESTMINSTER. [illegible]

WHITEHALL. [illegible]

WINDMILL THEATRE. [illegible]

WYNDHAM'S. [illegible]

YOUNG VIC. [illegible]

CINEMAS

[illegible]

ART GALLERIES

[illegible]

Kenneth Collins and Thomas Allen

New Theatre Oxford

Don Carlos

by MAX LOPPERT

The Welsh National Opera has revived its 1973 *Don Carlos*, originally produced by Michael Geliot, staged now by Jonathan Clift. It opened the Oxford lap of the current tour on Tuesday; and, in the circumstances, was an impressive show—Verdi's greatest *grand opera*, even in its later four-act version, is not the most compact or portable of operas for a cross-country tour. "In the circumstances" has, nevertheless to indicate the great distance that inevitably lay between the modest spectacle enlivened by two striking portrayals that the company has provided, and the tremendous fusion of spectacle, emotional drama, and moral, political, and philosophical discourse of which the opera is capable when great minds—producers, singers, conductors—and large purses combine on its behalf.

Unfortunately, no amount of goodwill can disguise the visible consequences of a limited budget. Annena Stubb's single set is not only noticeably less well-adapted to some of the operatic locations than to others, but confers on all a sadly dowdy, down-at-heel air. Three sides of a rectangle of spindly scaffolding enclosing a central area of marble-patterned linoleum can hardly be said to inspire visions of the Spanish court in all its severe magnificence. Within the limitations thus imposed, Mr. Clift has set the processions in motion with tolerable efficiency. It is, however, on the great personal confrontations — the duets in the foreground of the mighty issues of state and church — that the producer seems to have directed closest attention. The result is, at least whenever *the two most vivid members of* the cast are on stage, a chamber music performance both honest and intimate.

The stage certainly comes to life with every appearance of Thomas Allen, whose Posa alone provides a compelling reason for seeking out the Welsh *Don Carlos* (there is a second Oxford performance, tonight, followed by two more at Birmingham in early December). Mr. Allen seems, as he almost always does on the operatic stage, to have sunk himself completely into the man, to have instinctively comprehended and absorbed into his bloodstream his convictions, his moral substance, even his personality traits, so that what emerges is the passionate freedom-fighter and humanitarian as Posa is understood to be but as few singers have the capacity to play him. Down to the smallest detail, Mr. Allen creates a character at once humanly credible and theatrically vibrant: the volatile outbursts, the aristocratic bearing, the elegant and beautiful sound of a noble high baritone shaping long phrases with unfailing eloquence and sincerity—all are elements separated out of a performance of rare wholeness.

Almost as remarkable is the Philip of Stafford Dean, a demonstration of subtle musicianship, dramatic intelligence, and an assiduous application of vocal colour mastering a role for which a bass of nobler timbre and larger volume is ideally required. By the side of these two operatic actors, the Carlos *of Kenneth Collins, sturdily* voiced but strutted through with all the melancholy sensitivity of a turkey-cock, and Janet Coster's broadly, effective, now rather coarsely delivered Eboli, were *creatures of paste and cardboard.* Suzanne Murphy, Elisabeth, is a puzzling singer, radiant and pallid by turns. She seems to begin by modelling her assumption of the role on one of Greer Garson's Mothers Superior, but later warms into something more animated.

Richard Armstrong conducts, with an ear for detail (beautifully clear articulation of the birds and rustling fountains of the first garden scene) and a sweeping long line that suggest the beneficient influence of Giulini. Mr. Armstrong's slow tempos may test the stamina of his cast (the version used is complete except for the unhappy excision of the Act 3 Insurrection), yet thereby the conductor evokes something of the sombre, sabled grandeur of the opera denied here by its designer. *Andrew Porter's* translation remains a model of its kind, except for its pedantic following of French name-stresses: Po-SA and Car-LOS are niggling irritations. Why not, in Posa's great denunciation, Ne-RO as well?

Record Review

Six piano concertos

by DOMINIC GILL

Brahms: Piano concerto no.2 in B flat. Richter, Chicago SO/Leinsdorf. RCA Gold Seal GL 11267 (£2.49)
Beethoven: Piano concerto no.3 in C minor. Richter, Philharmonia/Muti. EMI ASD 3453 (£4.40)
Beethoven: Piano concerto no.5 in E flat. Serkin NY Philharmonic/Bernstein. CBS Classics 61918 (£2.79)
Beethoven: Piano concerto no.4 in G. Rosen, Symphonica of London/Morris. Symphonica Records SYM 12 (£3.99)
Chopin: Piano concerto no.2 in F minor. **Schumann:** Piano concerto. Martha Argerich, Washington National SO/Rostropovich. DG 2531 042 (£4.35)

This Brahms second concerto was Richter's first American recording, made with the Chicago Symphony under Erich Leinsdorf (who was standing in for an indisposed Fritz Reiner), and completed in a single day-long session two days after Richter's American debut in Chicago in 1960. It was issued in this country the following year, and *last revived in 1971: but it's* specially good to find restored to the catalogue one of *Richter's* great performances, an exciting record in every sense of that first momentous tour outside the Soviet Union.

After a very grand and leisurely opening page, the performance takes off, powerfully contained, alive with energy, driven with marvellous weight and clarity (these last two qualities, each essential, in perfect balance). There is fierceness too, in the scherzo—but never without poise: and in the andante, calm eloquence. The finale is beautifully shaped, *broadly lyrical: a slow grazioso* danced out with much variety of tempi, and sudden, mercurial shifts of mood and emphasis. *The excitement of the occasion* finds both Leinsdorf and the Chicago Symphony on peak form, scrupulous, attentive, warmly responsive. There is some noticeable tape-hiss; but the sound-quality on the whole belies the record's age, clear, clean and *close.*

"Lugubrious" is the adjective chosen by the *Gramophone's* review to describe Richter's new record of Beethoven's third piano concerto. I should prefer "pensive": but one can understand what he means. The mood is announced from the start, no trace of *con brio* in the first orchestral tutti, but rather a noble *moderato.* Richter enters carefully. The fanfares of repeated arpeggios, and semiquaver figurations generally, are deliberately muted: he finds little fire, or gusty violence, in the music. There is to the whole performance an air of autumnal restraint.

It is a reading, for all its idiosyncrasy, of enormous authority: a Beethoven concerto performance of the kind one has heard already, and welcomed from Richter, serious and reserved, and richly lyrical; and, if one can put out of mind other more usual and more extrovert views of the music, also uncommonly persuasive. In the last part of the finale the season changes: cool and clear, but touched with the *brightness of early spring.* The slow movement is rightly seen as the heart of the piece, wonderfully rapt, a magical spinning-out of stillness—those listeners who consider Richter's tempo slow should consider the *largo* marking, and compare other Beethoven *largi.* A strange performance, of strong and insistent resonance—and one I suspect I shall return to often.

Serkin's Emperor is another *reissue, nearly as old as Richter's* Brahms, recorded in 1962. The performance has real presence and poetry—and much of the same quirky illumination and radiant energy which admirers of Serkin's Beethoven will already know. The orchestral playing under Bernstein is the only serious drawback: coarse, without finesse or depth of colour, its "brilliance" no more than a front for posturing, shrill and *ill-defined.* The very sound-quality of the disc itself is shrill, and the production like the direction, bumpy—the piano entry into the *finale* seems to catch the engineer unawares with *all his gains up: the first* chords come blasting out, before the volume is (quickly) reduced to a more acceptable level. Not an ideal partnership: though for Serkin fans (of whom I count *myself one) nonetheless* recommended.

The Beethoven Fourth for Symphonica is one of the finest records Charles Rosen has made: it is also one of the finest recordings of the concerto available anywhere. The Symphonica of London is a variable *ad hoc* recording-and-concert orchestra gathered together by Wyn Morris for his Mahler symphony and Beethoven concerto record series. I've no doubt that *if a* list of players were available, it would make quite impressive reading (the orchestra's one-off Beethoven concert last week at the Festival Hall, tied to no recording, and sounding dis*tinctly ill-assembled and ill-*rehearsed, was an unhappy exception). On this disc they are a fine ensemble, and Morris draws from them a genuinely star performance, quick and strong, finely detailed, sensitively balanced

But Rosen himself is the principal star: in every measure, perfect control, absolute clarity of gesture; in every movement, a marvellous sense of intimacy and breadth, space and poise. It is a performance difficult to fault: the slow movement a luminous dialogue, each gesture shaped to the finest point: the finale, never pushed too hard—nor pushed at all, except at the end of the coda, where Rosen makes Beethoven's own (according to Czerny) accelerando — wonderfully relaxed, full of light and air. The first of Symphonica series, the *Emperor, was in a number of* ways less than satisfactory: but if this Fourth sets the standard for the rest, it will be a remarkable series indeed.

Martha Argerich's magnificent performance of Chopin's F minor concerto with the Washington Orchestra under Rostropovich is exactly the kind one imagines, but rarely hears: a passionate and full-blown romance, de*livered without a trace of soft-*centre; pungent in timbre, muscular in rhythm, wild—cut with whiplash surges—but not hectic; and for all its sinew, of the greatest delicacy and refine*ment. The same high-flying elec*tric currents run through her Schumann concerto. The partnership is a natural match; there are eccentricities, but they are all of a part, not obtrusive; the *groundswell, as much as the* wealth of exuberant detail, is irresistible. Impeccable DG sound.

'Waterless Method of Swimming Instruction'

Sadler's Wells

London Contemporary Dance Gala

by CLEMENT CRISP

Three cheers for London Contemporary Dance Theatre, its dancers, its choreography, its school, and its gala on Tuesday in aid of a scholarship fund for students. Cheers because the company is *so strong,* because it is more creative than any other British troupe because its school produces students of real *merit, and because Robert* Cohan is its presiding genius.

Cohan, in a mid-gala speech which preceded the showing of a student work, spoke of the reason for the scholarship fund: to help, among others, students deprived of grants by obdurate and mean Education Authorities unwilling to fund even one apprentice dancer. Cohan also provided the opening work of the programme, the oblique, witty and richly textured *Waterless Method of Swimming Instruction.* It is a piece truly and essentially chic; passengers on a liner disport themselves around and in a biscuit-dry pool, their dances inspired and gently goaded by ideas from the manual which gives the ballet its title.

And as a counterpoint to movement by turns athletic, funny, serious, and always resourceful, there is the Siren of the Deckchair. As impersonated by Siobhan Davies, this is the funniest piece of clowning to be seen in London. The gag is simple. Miss Davies is a gauche girl to whom the act of putting up a deck-chair and attiring herself for the sun assumes the proportions of World War Three.

At moments it looks as if she is trying to give herself a frontal lobotomy while constructing a *life-size model of the R101:* at others she is Laocöon to the deckchair's sea-serpent. And it is as cool and as frantic as one could wish: not since Bea Lillie involved herself with a chair and a *mink coat* ("She's so moody, she'll never find the kitchen" was the line Miss Lillie uttered) has physical disaster seemed so stylish.

The evening also brought the first London showing of Robert North's *Skryabin Preludes and Studies.* As I reported from Oxford earlier this year, these are dances firmly rooted in the music, their emotion feeding from the gentleness of the early preludes and from the more tormented and neurotic mood of the later studies. The theme is love found and lost, with Robert North central to relationships with Celia Hulton and Charlotte Kirkpatrick. The style is often balletic, but for the later, darker pages there are Central European *moments of expressionistic* intensity. Three other couples are involved, and in their dancing—as in *Waterless Method*—we can admire the technical excellence and artistic maturity that is so surely London Contemporary Dance's after ten years of grand achievements.

Robert North's dancing is a continuing source of pleasure, with its rich dynamics and subtlety in *rubato;* indeed, the superb male contingent of LCDT is an exceptional demonstration of the excellence of teaching at The Place—local Education Authorities please note.

Evian Quartet Competition

The next Evian string quartet competition will take place in Evian from May 2-12, 1979. The competition will again consist of three stages, comprising four test pieces, of which two must be 20th-century string quartets. A *first prize of* 20,000 French Francs, and three prizes of 8,000 Francs, will be awarded by an international jury of music critics.

The competition is open to string quartets of any nationality whose average age does not exceed 30 years on May 1, 1979. Further information from the Festival d'Evian, Château de Blonay, 74500 Evian, France.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1970=100); retail sales volume, retail sales value (1971=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unem-ployed	Vacs.
1977							
3rd qtr.	106.3	103.3	106	104.3	234.2	1,413	151
4th qtr.	105.9	102.1	107	104.4	239.4	1,431	157
1978							
1st qtr.	107.1	102.5	110	106.5	246.0	1,409	188
2nd qtr.	111.1	105.0	108	108.0	254.2	1,367	213
3rd qtr.	110.6	104.8		110.8	267.6	1,380	213
May	110.1	103.7	115	106.4	255.2	1,306	210
June	111.7	105.9	100	108.7	257.3	1,365	217
July	111.1	105.2	107	111.4	265.8	1,371	211
August	110.9	105.2		111.8	270.3	1,392	209
Sept.	109.8	104.0		109.5	266.6	1,378	219
Oct.				109.5		1,360	228
Nov.						1,339	231

OUTPUT—By market sector: consumer goods investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1977							
3rd qtr.	104.3	98.7	116.5	99.9	107.8	101.3	25.4
4th qtr.	104.9	97.5	114.4	98.7	95.2	100.2	20.7
1978							
1st qtr.	105.3	90.8	116.3	100.8	95.4	97.2	17.8
2nd qtr.	107.9	99.2	122.9	100.7	108.2	99.4	26.7
3rd qtr.	107.1	100.5	122.4	101.6	103.3	100.6	22.8
May	107.0	99.0	121.0	100.0	106.0	97.0	25.1
June	109.0	100.0	124.0	101.0	112.0	98.0	30.7
July	106.0	101.0	124.0	101.0	113.0	101.0	23.6
August	108.0	101.0	122.0	103.0	93.0	101.0	20.3
Sept.	107.0	99.0	121.0	100.0	101.0	99.0	24.5

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance; oil balance; terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1977							
3rd qtr.	124.4	106.6	+ 31	+574	−602	101.0	13.4
4th qtr.	117.8	102.7	− 5	+507	−657	102.4	20.39
1978							
1st qtr.	120.0	114.1	−608	−313	−642	104.8	20.63
2nd qtr.	122.5	110.4	−150	+183	−398	104.6	16.75
3rd qtr.	126.1	116.0	−281	− 56	−511	105.2	16.55
June	122.0	111.9	−101	+ 10	−107	104.2	16.54
July	127.1	116.1	−134	− 59	−221	104.5	16.74
August	125.2	111.2	+ 68	+143	− 95	105.7	16.4
Sept.	125.9	120.7	−215	−140	−195	105.5	16.51
Oct.	128.2	111.8	+119	+209	−131	105.2	15.97

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1977							
3rd qtr.	28.0	10.4	20.3	+363	1,157	1,149	7
4th qtr.	23.2	12.6	8.7	+698	1,639	1,189	7
1978							
1st qtr.	24.3	23.8	17.5	+1,791	1,049	1,260	6½
2nd qtr.	8.5	15.7	24.6	+2,858	694	1,393	10
3rd qtr.	16.8	5.3	8.6	+325	746	1,427	10
June	8.5	15.7	24.6	+314	147	459	10
July	9.3	9.5	34.7	+104	200	458	10
August	5.7	1.6	13.7	−292	200	493	10
Sept.	16.8	5.3	8.6	+713	346	476	10
Oct.	13.7	5.4	1.6	+535	363		10

INFLATION—Indices of earnings (Jan. 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT *commodity index (July 1952=100); trade weighted* value of sterling (Dec 1971=100).

	Earn-ings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1977							
3rd qtr.	116.1	146.4	142.9	184.7	192.1	239.9	61.8
4th qtr.	119.9	142.2	145.8	187.4	193.3	234.2	63.3
1978							
1st qtr.	123.1	140.2	149.2	190.6	197.3	238.61	64.6
2nd qtr.	129.9	146.3	152.0	195.8	203.8	242.27	61.5
3rd qtr.	133.2	144.9	154.7	199.2	206.2	253.74	62.4
June	133.1	147.0	152.7	197.2	206.7	242.27	61.3
July	133.6	145.8	153.8	198.1	206.1	237.68	62.1
August	131.7	144.2	154.8	199.4	206.2	248.54	62.4
Sept.	134.2	144.8	155.6	200.2	206.3	253.74	62.7
Oct.		145.7	156.4	201.1	205.6	265.22	63.1

* Not seasonally adjusted.

Hampstead

Comings and Goings

by B. A. YOUNG

You have professor of Scandinavian literature Jimmy and systems engineer Vernon, who are gay; in the flat upstairs, Hilary and Jackie, two young female gerontologists, who are not; Jan and John, who are married but—for the moment *anyway—separated;* and Malcolm, who works in Vernon's firm keeping an eye on the staff. Malcolm has a wife, but we only encounter her on the telephone.

Mike Stott's play is like an Oxford bumping-race. It would be tedious to list the different sexual approaches and/or conquests that go on during the few days' duration of the action; *Comings and Goings is enough* description in itself. Nothing much happens but the smallest of small-talk, save for one thing that is introduced with admirable subtlety, Jan's pregnancy; *and this left more or less un*developed.

Mr. Stott has a neat hand with this kind of world, but I won't deny that the emotions are frivolously handled. (I saw the play *before in Liverpool;* perhaps it isn't really a play to see twice.) Some of my friends who liked Harold Pinter's *Betrayal* more than I did have been saying, "But it's all about *people like us!*" Well, *mutatis mutandis:* I find *Comings and Goings* all about people such as I know, and the playing of the company under Alan Dossor's beautifully detailed direction makes the most of it.

Perhaps anyone as unremittingly talkative as John Normington's *Jimmy* would drive me out of my mind; certainly if I have a doctor as gigglingly idiotic as Lindsay Duncan's Hilary in my geriatric ward I shall save up my sleeping-pills until I have enough for a quiet exit. But the art of living with the trivialities of life is one of Mr. Stott's subjects, and here he has another, more important, that is movingly spoken by Keith Washington as John when he recounts the difficulties of his married life. "What do you do when the passion has gone?" he asks.

Do you try to revive it physically, like Bill Nighy's Vernon? or decide to live without it, like Paul Jesson's *Malcolm?* It is a real problem, and under the froth Mr. Stott has something useful to say about it.

Jane Wood, John Normington, Bill Nighy and Lindsay Duncan — Leonard Burt

Guildhall School of Music

Albert Herring

by ELIZABETH FORBES

To state, truthfully if inelegantly, that I have never not *enjoyed a performance of Albert Herring* is certainly nothing but the truth but is not, of course, the whole truth—even Albert himself did not tell the whole truth about his famous night on the tiles. But if some productions of Britten's comic opera are more enjoyable than others, and if some performances are better—or less good—than one had feared—or hoped—there still remains a solid core of enjoyment to be got out of the work itself, out of Britten's score and Eric Crozier's text, that never, for me, fails to entertain

Dennis Maunder's production at the Guildhall School of Music *is well up the league table.* The splendid set of Mrs. Herring's greengrocery shop, designed by Margaret Matthews, is matched for authenticity of detail by Daphne Newington's costumes.

In a cast of students it [illegible] the younger character [illegible] benefit from the singers [illegible] and who do not [illegible] their lack of [illegible] Owen Albert [illegible] and faintly mutinous from *the beginning,* is entirely credible in his innocence and in his painful but stimulating journey to independence. His excellent diction and natural-sounding comic phrasing allow *all the jokes embedded in the* text to make their maximum effect. Catherine Benson and Michael McLean as Nancy and Sid are equally believable in appearance and behaviour.

Dorothy Eschweiler makes a delightful Miss Wordsworth; though her voice is not large she *projects it well and every word* rings clear, while her acting, especially in the rehearsal of the children's greeting to Albert, causes gales of laughter. Penelope Walker's stern, sensible Miss Pike *is another character study* intelligently thought out and securely executed. Jane Gregson naturally finds Lady Billows difficult to animate; she manages the vocal line all right, but at the expense of tonal roundness and, sometimes, verbal clarity. But she exudes natural confidence, if not inborn authority.

Ann Price has less trouble with Mrs. Herring, who need be no older than the middle thirties; her aggressiveness crumbles convincingly in the face of Albert's newly found self-assurance. Robert Crowe's jovial Mr. Upfold, *Michael Bundy's,* willowy Mr. Gedge and Brendan Wheatley's solid Superintendent Budd are all noteworthy creations while Janette Caplin, Delith Brook and Sebastian Buckton make nicely delinquent village kids. Vilem Tausky conducts the ten-piece orchestra with his usual care.

Ensemble debut at Riverside

Music Projects/London, an ensemble of young professional musicians specialising in 20th-century music, makes its London debut at Riverside Studios, Hammersmith, on Sunday.

The group, conducted by Richard Bernas and led by Beverley Davison, made its initial appearance at Sussex University on November 19.

The Riverside programme includes the first British performance for more than five years of Pierre Boulez's *Domaines,* a spectacular work for solo clarinet (Roger Heaton) and 21 musicians in six spatially separated ensembles

Richard Bernas has previously *appeared* at Riverside as conductor of the Saltarello Choir and as a solo pianist.

Booker Prize for fiction

The £10,000 Booker Prize for Fiction, sponsored by Booker McConnell, Britain's most valuable fiction award, has been won by *Iris Murdoch for her* novel *The Sea, The Sea* (Chatto and Windus £5.50).

The announcement was made by Sir Alfred (Freddie) Ayer, Chairman of the Judges, at a *dinner in London last night to* celebrate the award. Michael Caine, vice-chairman and chief executive of Booker McConnell presented to Iris Murdoch a cheque for £10,000 and a special *leather bound copy of her book.*

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New Cambridge rides again

THE HOUSE of Commons Expenditure Committee has done a useful job in considering the proposal for a European Monetary System. It reaches no conclusions, but collects and summarises a good deal of expert assessment, ranging from wholehearted commitment to last-ditch opposition, with much technical doubt in between. Among what may be termed the moderates, even supporters of the EMS concede that it may be very difficult to make the system work while many of its critics share the general wish for stability. However, one piece of supposedly detached evidence is misleading.

Heavy cost

The committee perhaps understandably wanted to offer an answer to a question often raised by critics of the EMS proposal — that membership could carry a heavy cost in output and employment. This is in fact the very archetype of a unanswerable question, for the answer must depend on a multitude of assumptions about what will happen both inside and outside the EMS. When the Committee approached the Treasury, the officials refused to be drawn into what is in essence a speculative parlour game, although they had provided such figures for the Cabinet.

The Committee's specialist adviser, Mr. Terry Ward of the Department of Applied Economics at Cambridge, felt no such inhibitions, and ran a set of assumptions through the Cambridge economic model (a model of frequently changing form whose strangest distinction is that it was first published not as an academic paper, but as a Parliamentary memorandum).

Mr. Ward and his colleagues are of course entitled to engage in such an exercise, and the results—a loss of jobs ranging from 125,000 to over 1m, and a loss of output ranging from 0.7 to 8.1 per cent according to how rigid the EMS might be and how fast UK wages might rise — are hardly startlingly gloomy by New Cambridge standards. The danger is not in the computation, but in how it is likely to be understood. Mr. Ward's calculations display the results of two hypothetical states of affairs—both of which, at the extremes, are highly improbable. However, propagandists are likely to cite the largest numbers involved not as an airy hypothecation, but as a forecast, and a forecast, moreover, with some vague Parliamentary authority. It is no such thing.

Mr. Ward concedes, a little disingenuously, that any forecast is "obviously dependent on the assumptions built into the model," and goes on to suggest that the Cambridge model is unlikely to produce results very different from the Treasury model. This is possibly (though by no means obviously) true, but is a diversion. A forecast of this kind, which simply quantifies hypothetical states of affairs, depends even more strongly on what is hypothecated. It is these assumptions, rather than those built in to the Cambridge model, which are far less neutral than they appear.

It is assumed that if we remained floating outside the EMS, the exchange rate would reflect a constant competitiveness for UK industry. This is astonishing. Our experience of floating up to now is of wild changes in competitiveness. It is also contrary to declared Government policy, which is based on a relatively strong exchange rate, and the hope that competitiveness will adapt to this financial discipline, rather than vice versa.

Exchange rate

In fact Cambridge gloom appears to be based on a second assumption — built into the model rather than spelt out this time—that official (and Opposition) policy will totally fail. The idea that exchange rate discipline and foreign competition might influence bargaining behaviour is conceded only in a virtual footnote, where the idea that a totally fixed rate might reduce wage rises from an average of 10 per cent annually to 7½ per cent is tested as an "extreme assumption"!

Only two conclusions worth the name can be drawn. First, it would be uncomfortable for an incurably inflationary country to peg its exchange to a less inflationary group—an obvious conclusion from despairing premises. More interestingly, stepwise adjustment might entail some real cost compared with completely smooth adjustment—though if Mr. Ward has discovered how to manage a floating rate so as to achieve completely smooth adjustment, he should be advising the Bank of England rather than the Expenditure Committee.

A potential threat

THE SOVIET UNION'S treaty of friendship with Ethiopia, signed this week, neatly sets the seal on the remarkable change of superpower allegiances which has taken place in the Horn of Africa in the past year and a half. Ironically it comes almost exactly a year after Somalia, the other major country in this strategic part of the continent, tore up its own friendship treaty with Moscow out of disgust at the Soviet Union's decision to throw its weight behind Ethiopia in the war between the countries that effectively ended last March.

Influence

The Soviet Union appears to have come best out of that exchange for while the U.S. has lost virtually all influence over Ethiopia, with which it had a military co-operation agreement, it has not established a close relationship with Somalia because of that country's refusal to say publicly that it will respect the borders of neighbouring states, such as Ethiopia, in which other Somalis live. The Soviet Union's position in this part of the world is made more threatening by the apparently powerful influence it has built up in South Yemen, where Aden has recently been made into a substitute for the base Russia lost last year at Berbera in Somalia.

If the Soviet treaty with Ethiopia formalises an existing situation rather than fundamentally altering it, it still deepens the anxiety of the conservative states in the region. With the help of the Soviet Union Ethiopia has in the past year built up the largest and most powerful armed forces in black Africa and has said it is prepared to use them to fight for those causes it supports in other countries. Its immediate neighbour, Sudan, is lightly armed and its internal political situation uncertain. Saudi Arabia, across the Red Sea to the north, is crucial to the West as an oil exporter but very thinly populated and virtually undefendable. Both it and the smaller Arab oil producing states of the Gulf are alarmed at the turmoil to the north of them in Iran at the recently installed pro-Russian government in Afghanistan and at the disarray in the Arab world after the Camp David agreement. The fear of Soviet-inspired subversion and the Russian position close to the oil tanker routes is worrying the Western countries as well.

But these dangers should not be exaggerated. Ethiopia has almost certainly signed its treaty with the Soviet Union because it badly needs continued Soviet assistance and owes it more than $1bn for arms. The Government of Lt.-Col. Mengistu Haile Mariam is reasonably secure, but much of the northern province of Eritrea—which makes up Ethiopia's entire Red Sea coastline—is in the hands of forces fighting for independence, while the Somali-populated south east of the country is by no means under complete government control and is tying down thousands of Ethiopian and Cuban troops.

The current Ethiopian offensive against the Eritreans may be more successful than its predecessor which petered out more than two months ago, but Eritrea is highly unlikely to be pacified for several years, and so does not offer a very secure base for any naval activities the Russians may wish to carry out in the Red Sea. While Ethiopian troops are tied down at home they cannot cause much mischief anywhere else except with their immediate neighbours. The Ethiopian economy badly needs assistance, but Soviet aid may not provide the answer to many of Ethiopia's economic problems. While the Soviet Union is involved in Ethiopia it will be expected to earn its keep, mindful of the fickleness of alliances in this part of the world, and that could be expensive.

The wider threat posed by the Soviet build up in the region also needs to be seen in proportion. For the Soviet Union actually to use its position to challenge the passage of oil to the west through the Indian Ocean and the Red Sea would be to face the almost certain threat of nuclear war. The Soviet presence in the Horn of Africa is a potential rather than an actual threat.

How the Tokyo Round was saved from disaster

BY REGINALD DALE, European Editor

THE TOKYO Round of international trade negotiations—the most comprehensive ever—is more or less back on course after a heavy buffetting over the past month. A serious effort is to be made to conclude a major package deal between the three main participants—the U.S., the EEC and Japan—before the end of the year. But the most difficult issues have been left to the last, and there are many pitfalls ahead.

Nor has the cause of the U.S.-EEC dispute that threatened the talks last month entirely disappeared. When the U.S. Congress passed the 1974 Trade Act enabling the Administration to negotiate the Tokyo Round, it built in an incentive to ensure that the talks were completed on time. The Trade Act now has just over a year to run. But Congress decreed that one of its key provisions should expire 12 months earlier, that is on January 3, 1979.

This provision which caused the EEC such anxiety is a waiver clause which relieves the Administration of an obligation also laid down in the Trade Act, to penalise subsidised imports. The Administration is legally required to start imposing countervailing duties on a wide range of imports as soon as the waiver expires.

American calculations, which probably need updating, have put the volume of trade involved at $700m. About half is accounted for by EEC exports. GATT experts say that no more than 3 per cent of the total EEC exports to the U.S. would be affected, but agricultural exporters are particularly at risk. Thus 70 per cent of total Danish exports to the U.S. are at stake. Latin American countries, notably Brazil, are also heavily involved.

When the three main participants agreed on a "memorandum of understanding" last July, the Community understood that the U.S. had agreed to get Congress to extend the waiver. Congress, however, failed to do so, almost certainly not deliberately, before it recessed last month. It does not reconvene until January 15. The Community informed the U.S. that it would not conclude the final deal "under the threat of a trade war." It was a reaction made all the more easily as some member Governements, in particular the French, are nervous about more trade liberalisation in the present economic climate.

Since then, most governments and the European Commission have been discreetly seeking to repair the damage without provoking Paris. Last week in Geneva, the Commission, which negotiates on behalf of the nine member states, secured what it considered to be satisfactory assurances from Mr. Robert Strauss, the U.S. Special Trade Negotiator, that trade war would not be allowed to break out early next year. Countervailing duties, he told Herr Wilhelm Haferkamp, Commission Vice-President for External Relations, might technically have to be applied, but they would not be collected. He also undertook to ask Congress to extend the waiver as soon as it reconvenes.

On Tuesday night, Herr Haferkamp put this formula to the Council of Ministers in Brussels. M. Jean-Francois Deniau, the French Minister for European Affairs, fought a vigorous rearguard action. The other EEC countries agreed that the aim should be to "complete" the deal with the U.S. and Japan by Christmas, but not to "conclude" it until Congress had acted on the waiver. The view in Washington is that this will take until around April. M. Deniau was not ready to accept the deal and told journalists later that the Community must not give in to U.S. blackmail.

It is now likely, although not certain, that the matter will be referred to the forthcoming summit meeting of the European Council in Brussels on December 4 and 5. The view in Brussels is that M. Deniau would prefer President Giscard d'Estaing to take personal responsibility for the go-ahead. The French President, after all, was a participant at the Bonn world economic summit in July which set December 15 as the deadline for a deal in Geneva.

If, however, the French were to maintain their position, the Round would once again be in serious jeopardy. If the waiver issue is not to be resolved until April, and France were to prevent the Community negotiating a final package till then, time would become desperately short for final Congressional ratification before the Trade Act expires. Equally, the waiver itself could pose a problem. Congress is likely to be far more inclined to agree to its extension if it knows that a satisfactory agreement is already more or less in the bag.

Meanwhile, despite the confused outcome of Tuesday's Council, the Commission feels it has sufficient mandate to press ahead with negotiations—on the understanding that the Community will not finally endorse a deal until Congress has acted. Its hope is to be able to present the next Council of Foreign Ministers, on December 19, with the main outlines of a final agreement. In parallel, the Community will be pursuing formal GATT action against the U.S. on the waiver — action which could ultimately lead to the formation of a panel of the contracting parties to review the dispute.

French reluctance to accept a major bout of trade liberalisation has a number of resons. The issue is sensitive domestically, particularly in the light of the Government's new determination to see lame ducks go to the wall. The French have also long feared that the U.S. and other major non-EEC countries like Australia will use the agricultural part of the negotiations to try to undermine the principles of the Community's Common Agricultural Policy. Finally, the two major outstanding American demands in the talks—greater access to the Community for farm products and limits on the EEC's agricultural and industrial subsidies—would hit France harder than most other EEC members. The predominant view in both Brussels and Geneva, however, is that France is engaged not in sabotage but in an effort to strengthen its negotiating position in the hope of winning last-minute concessions.

Italy would also be seriously affected if the EEC agreed to the full range of American requests for greater farm access. The long list of products for which Washington wants easier entry are nearly all Mediterranean. (The only item of concern to the UK appears to be "poultry parts" in the form of Turkey thighs.) The general view in Geneva last week was that the U.S. would have to moderate its demands if the Community is to agree to the final package.

Where Washington is adamant is in its insistence that the Community must accept greater discipline in the use of subsidies, both to agriculture and industry.

The inner three of the Tokyo Round (from left to right): Mr. Haferkamp of the EEC; Mr. Strauss, U.S.; and Mr. Ushiba, Japan.

There is considerable argument over what constitutes a subsidy, with the Community still strongly resisting an American proposal that an "illustrative list" of questionable subsidy practices should be included in the final agreement. This is hardly surprising, given that the draft list submitted by Washington reads like a description of many European Governments' regional and industrial policies—particularly those of the UK.

The U.S., and others, do not believe that they can make much of a dent in the Community's internal CAP subsidies. They insist, however, that the Community must agree to exercise restraint on third markets.

Subsidies are central to the success or failure of the entire round, given their link with countervailing duties and thus the U.S. waiver. The U.S. has offered to change its present practice, under which proof of a subsidy is all that is required before placing countervailing duties on imports, and to fall in with the other GATT countries, which require proof of material injury to domestic industry. But this is conditional on the Community making sufficient concessions on subsidies to satisfy Congress, which must not only extend the waiver, but subsequently also ratify the whole package.

The third key issue is now safeguard measures against cheap imports are to be applied in future. One of the Community's main demands is that it should be possible to apply safeguards selectively against one or more countries, preferably without prior consultation. The U.S. has accepted the principle, although it is strongly opposed to the Community's plan to shoot first and talk later, as are the developing countries. The Community will almost certainly have to give ground here.

In most other areas of the negotiations, there has been solid progress in recent months. Hopes are high in Geneva for agreement soon on a new international wheat agreement, and satisfactory new arrangements for world trade in meat and dairy products. New codes of conduct for Government procurement, technical standards and customs valuation are well advanced. The Government procurement code alone could open up trade worth $20bn a year, according to U.S. estimates.

A package of industrial tariff cuts will not fall into place until the very last moment, but there is overall agreement on a formula that would lead to a 40 per cent cut spread over most of the next decade. When exceptions lists have been finalised, this may drop to between 30 and 35 per cent. At the moment, while the U.S. is attempting to maximise the final figure, France and the UK would like ot see it brought down by extensive exceptions.

The U.S. is now guessing that the final outcome will involve a reduction of average American and Community tariffs from the current levels of 6-7 per cent to 3-4 per cent. Japan's tariff would come down from about 10 per cent to 4 per cent. But there is still considerable argument over the base rate for the Japanese cut, with Tokyo insisting that it should be given credit for the unilateral reductions it has made in recent years.

Nevertheless, tariffs are widely regarded as less important than the non-tariff barriers that the Tokyo Round has been tackling—much of it in bilateral negotiations on a request-and-offer basis. Even more important are the wider political implications. Last week, a senior U.S. official described the Tokyo Round's two main achievements as Japan's graduation to full participation in the international trading system and the beginning of a long journey by developing countries towards the same goal.

If a package does emerge in December it will still have to be sold to the other participants in what are officially 99-nation negotiations. The developing countries are already protesting that they will be losers, not gainers. It is not clear what will happen if some countries want to participate only in parts of the agreement. A Christmas parcel in Geneva is likely to be encumbered with many loose ribbons which will take several more months to tie up.

MEN AND MATTERS

A matter of association

With South Africa's Foreign Affairs Association exposed as a government front, questions are now being asked about the numerous other "independent" bodies which have been promoting an "objective view" of South Africa. Founded in 1975, the FAA has been hosting MPs and mayors from abroad. But its immediate dissolution was announced on Tuesday. Its founder and director, Cas de Villiers, has since admitted that 70 per cent of its funds came from the secret resources of the (now-renamed) South African Department of Information.

A number of the FAA's members are leading figures in the Club of Ten, known for its full-page advertisements in the Western Press. But yesterday Don Boddie, a former editor of London's Evening News who represents the Club abroad, insisted on the independence of the Club: he said he had never heard of the FAA.

De Villiers never greatly publicised the visits the FAA arranged, though he did organise a major conference in the Transkei on the homeland's "independence." He admits that he "always told the people we dealt with that the FAA was a private organisation."

Other organisations operating in a similar field in South Africa include the South Africa Foundation (backed by private enterprise and host of many British MPs); the Africa Institute (more academically oriented); and the South African Freedom Foundation. SAFF's director general, Peter Sorour, yesterday claimed that he had rejected a government approach that SAFF should act as a "front." However, one of SAFF's trustees, Pick 'n Pay chairman Raymond Ackerman, admits that his organisation did receive state funds, commenting "as do universities and airways."

However, John Barratt, director of the South African Institute for International Affairs insists that it is "poor but pure."

"He'll find living like a lord is a change from living like The Lord."

Brokers' playtime

In a hard-headed country like Switzerland even board games stick pretty close to the facts. A new game of skill and chance, The Shareholder, dispenses with fantasy names for its listed stocks, and offers instead a chance to manipulate, *en famille*, real companies like Brown Boveri, Chocolat Tobler, Ciba-Geigy, General Motors Suisse, and the Swiss Bank Corporation.

Not only have the undertakings in question lent their titles to the *ersatz* shares traded in the game—in what must be the first joint venture of a machine-builder, a confectionery company, a chemical factory, a car group, and a bank—but they also provide players with details on their business, from products and personnel to capital holdings. The point, says one of the companies, is "to spread the idea of share ownership as a means of capital creation," adding with a prudent eye to the future, "this sort of idea does better by catching them young."

There appears to be no down-to-earth equivalent in Britain, though a store called Games and Puzzles offered Speculate. Perhaps more appropriately for the UK, the object is merely to survive. "You generally find your shares diminishing," says the company. "It's as accurate as a game can be."

Wayside fun

Back in the real world, Timeplan Ltd. alerts me to the exciting possibility of "putting the fun back into a visit to the petrol station." Not having experienced this pleasure I have not missed it. But Timeplan's chairman Leo Iles assures me it existed, once, and, that Jackpot, his electronic forecourt game giving the chance of winning £5, will restore the joys of yesteryear.

Jackpot is being introduced later this week in a "carefully selected low-profile test" on the A27. Then, Iles devoutly hopes, Jackpot will spread like wildfire. He reasons that with the end of the price war there is little else to lure the motorist. Whether the man with the empty tank is still in the mood for fun as petrol rises, remains to be seen.

Chinese court

On any balmy Canton night a stroll along the Pearl River waterfront will cause the foreigner to wonder whether he is in post-revolutionary China. Hundreds of young couples line the riverbank.

Some, a little self-consciously, pretend to be comparing the merits of their bicycles or admiring the architecture of the Pearl River Bridge. But they are undeniably courting.

In Peking, too, home of China's most staid and proper people, young couples are walking closer together, their hands sometimes touching. Another Maoist taboo is, it seems, crumbling.

For years the Government's "late-marriage" regulations were thought to be keeping young men and women apart. Men under 28 and women under 25 seemed to accept that they had to help build China before they could build a family. The Cultural Revolution appeared to reinforce this separation.

But now the gale of change blowing through all aspects of Chinese life is buffeting the hearts and minds of the young. Last month Chinese television showed group dancing at the national youth league congress. Now the China Youth newspaper has published a letter from two young readers who write: "The television broadcast has created a stir among young people. Some think that dancing belongs to the bourgeois way of life. What is the correct approach?"

The two also criticised the "feudal concept" that men and women should not touch hands even when giving things to each other. And the newspaper's comment? "These relaxing dance forms have always been popular with the masses"

Public *mores*, in other words, are changing. Soon the young may even be behaving as the young.

Root and branch

A financial institution in Red Bank, New Jersey, has just bought out a rival in Long Branch, New Jersey. Customers now cash their cheques at the Long Branch branch of the Red Bank bank.

Observer

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مكتبات الأهرام

Video Systems

Changing the nature of TV

By John Chittock

The new growth area in communications is "video"—or non-broadcast television. Video systems are a rapidly developing tool for training, corporate management and marketing. Consumers are also being encouraged to join the videocassette revolution as a way of being freed from the rigid time schedules of broadcast television.

Europe's largest video exhibition, Video Tradex '78, opens in London next Tuesday, November 28, 1978

THERE ARE now between 80,000 and 100,000 videocassette units in use in the U.K. Small indeed alongside the 11m plus colour television sets. Yet only a few years ago, suggestions that this new technology might displace the 16mm film projector were dismissed as journalistic jousting. Today it seems certain that the population of videocassette machines has overtaken that of 16mm projectors. Videocassette recorder sales in the UK next year are expected to exceed 100,000.

The videocassette revolution was most vigorously dismissed at first by those whose business could be most seriously challenged by it. Even the Government's Television Advisory Committee reported in 1972 that videocassette equipment was "not likely to become so widely used by the general public as to affect the demand for and character of broadcast television services during the franchise period starting in 1976."

Now the broadcasters seem more ready to admit that videocassettes are going to change the nature of television. An endorsement of this came in a recent television programme in which Robin C. Scott, Deputy Managing Director of BBC Television, pointed out that broadcasters were in the production business—not the distribution industry—and should embrace videocassettes as a market for their output. This is a major shift of attitude, further reinforced by the BBC's appointment earlier this year of a Videogram Manager. Some broadcasters now foresee the national service concentrating on current affairs and similar perishable programmes, using other production capacity to feed the newly found videogram market.

If it becomes relatively easy to record and play back a colour television programme in one's own home, the notion of being tied to fixed transmission times—dictated by programme controllers—certainly looks archaic. Through rental in particular, but aided by outright sales, the British public is buying machines—following in the wake of the boom in America, where some 600,000 will have been sold this year.

As the equipment becomes commonplace, one consequence will be an increasing determination by the broadcasters to push out less popular programmes such as Open University material — in the dark hours, i.e., after midnight, when potential users have set their machines on to the auto-timer for recording while they are asleep. It is a natural redeployment of a valuable resource—air space. The Inner London Education Authority has already demonstrated the economic thinking provoked by videocassettes — scrapping its costly closed circuit TV network (which fed specially made programmes to schools in the ILEA area) and replacing it with a videocassette network. It will take longer for the programmes to reach the schools, and a library of cassettes will replace the instant coverage of one CCTV transmission. But it will save money and provide teachers with a new flexibility in their timetables.

Important

The ILEA decision has been important for the industry in another respect, too—the choice of the Japanese-developed VHS system (pioneered by Japan Victor Company).

Until recently, the video cassette revolution has been characterised by a rash of rival systems—all of which are incompatible. The leaders in the race have been Philips, Sony and JVC—with BASF and Grundig as outsiders, the latter using a Philips-based system which is nonetheless incompatible with the standard Philips machine.

The blow for Philips, dealt almost simultaneously by the two Japanese contenders, has come partly from marketing superiority in the U.S. and also through the introduction of longer playing times on cassettes that are even smaller than the Philips cassette. Both Sony's Betamax and JVC's VHS can yield three hours playing or recording from one cassette; *originally* Philips only offered one hour, but its later models have extended this to little over two hours.

Many people now believe that Philips have lost the race, even though a totally new model with longer playing times is planned for next year. The Philips system has been forced out of the U.S. market by the Japanese, and in Europe only fares better because of the five year head start it had over the two rivals.

Even Sony has cause for concern with its Betamax system—once leading the VHS in U.S. sales by a ratio of 65:35, now reportedly overtaken by the JVC rival. The same pattern is beginning to repeat itself in licensing agreements, with the VHS taken up by 17 licencees (including names such as RCA, Akai, National Panasonic and Saba), whereas the Betamax has only Sanyo, Toshiba, Zenith and Seals.

Sony's strength is in its bigger, more professional and longer established U-Matic *system. This is in no significant* sense a competitor with the Philips VCR, JVC VHS or even Sony's own Betamax system; the U-Matic uses slightly wider (¾-inch) tape, larger cassettes, shorter running times, on a unit *that is bigger and more expensive* (£1,500 against the Betamax at £800). You pay for what you get, however, and the U-Matic is the preferred choice for *professional* use where programme production is undertaken and is quite unsuited to the domestic customer's needs.

Nonetheless, a *further* issue is now clouding the view ahead. Whereas the Sony U-Matic has become established as a professional standard (albeit of lower quality and cost than the big broadcast videotape machines), its adoption by industrial and commercial users may be challenged by the smaller VHS or the Betamax. Some experts deny this, saying that the VHS and Betamax have been engineered for the home user and not for industrial applications. But the BBC has been using the Philips VCR for internal purposes, the ILEA decision is certainly not a domestic one and Ford in the U.S. has led the way with other major companies in buying the VHS for corporate use.

The battle is thus becoming a somewhat bloody one, and the suspicion that BASF might enter the fray with a totally different videocassette system—Longitudinal Video Recording *(LVR)—does not bear much* credibility so late in the war.

For the British TV rental companies, it has yielded a welcome boost to business. Granada, Radio Rentals, DER and Multibroadcast have all *opted to supply the VHS in different guises,* while Visionhire and Rediffusion remain loyal to the Philips VCR. So *far*, no major rental company in the UK is offering the Sony Betamax.

Even with the longer-playing time cassettes of three hours, a running time of £5 per hour is only tolerable to the customer if he can erase the cassette and use it again for taping other TV programmes. This is the classic "time shift" concept claimed by Sony in its defence when sued in the U.S. on the grounds that it was encouraging people to infringe copyright.

Ventures

Yet some sectors of the industry expect to sell or rent pre-programmed videocassettes—competing, in effect, with the choice of material currently available on broadcast television. A few cautious ventures into this arena have been started in the UK, such as that by IPC, which is using its publishing expertise in the hobby and leisure markets to offer videocassettes on subjects such as soccer, golf and other sports. Others in UK doing this include Intervision, VCL and EMI—which is also releasing entertainment films. But typical cassettes are costing £45 or more for feature films.

Where there is cheaper and arguably *better* competition—from broadcast television—freedom of choice in the situation may prove to be an insufficient attraction. It will be for the video disc, at only £7 for a complete copy of Jaws, to challenge the broadcasters—and this is exactly what is promised in the U.S. next *month when Philips launches* its disc system in co-operation with MCA.

The real market for pre-programmed videocassettes is the minority interest one—where shortage or total absence of programmes makes the right material attractive at almost any price. Thus management training materials, sponsored careers guidance programmes and internal communications programmes (feeding the newly-established videocassette networks established by companies such as IBM, BP, Barclays and Abbey Life).

The point about videocassettes which makes them different from film and—in pre-programmed form—no challenge to broadcasting, is their convenience in replay and their economic suitability for very limited and selective distribution. An example of this is the overseas service now being run by Guild Sound and Vision, the Peterborough-based film library.

Under the name Guild Television Service, overseas customers (especially expatriates) are provided with a regular television service based on what is available on UK broadcast television. Regular packages of cassettes are air-freighted to subscribers, bringing them everything from The Sweeney to Dad's Army. The audience may be tiny indeed, but if it is sitting in an Arab country far from home, denied *even the social balm of alcohol,* it can demand a higher price than an annual TV licence. The cassettes in the package are recycled, and it is relatively easy to run off just one or a dozen copies of any programme within hours rather than the days or weeks associated with film printing. Growing demand from services such as this has encouraged Television International—a subsidiary of Plantation Holdings—to invest £¾m in a new videocassette duplicating plant in London, which when it opens early next year will be the biggest facility of its kind in Europe.

The cost of a videocassette machine still raises a barrier. The technology may never have a chance to replace the television receiver in sheer market volume at £800 per unit (or £700 discounted). And the prospect of videocassette recorders becoming as cheap as colour television sets is a faint one: a decline to £500 at present-day values might be likely, but it is for the video disc player—which goes on sale next month in the U.S. at about £300—really to unleash a new mass market.

VIDEO SYSTEMS II

Videotape and film transfer methods

WHILE MORE and more productions for industrial and commercial presentation are now being shot by television cameras and recorded on videotape, this does not mean that the videocassette is the sole method for their distribution. Motion picture film, particularly the 16 mm gauge, continues to play an important role, especially when showing to larger audiences than the normal TV screen can conveniently cover.

So there is a regular demand for transfer between the media, to convert a completed videotape production into an equivalent colour film with sound, distributed through existing film libraries and used on a normal motion picture projector. Since for such a distribution a number of copies will be required, the facilities for tape to film transfer in this country are operated in close association with a film processing laboratory which can carry out the necessary release printing.

To obtain satisfactory colour film from a videotape recording is by no means easy but current techniques can produce excellent results from good quality originals. Obviously the characteristics of the initial tape system are very important and for the best overall performance all transfer operators would prefer to start with the highest quality of tape, the 2-inch quadruplex broadcast standard.

But the latest 1 inch helical-scan systems are now recognised as meeting the exacting demands of TV broadcasting and are equally capable of yielding good transfers to film. Where the original videotape is one of the narrower gauge helical-scan systems there is always liable to be some lowering of quality in terms of colour reproduction and image sharpness, which will become more apparent when seen as an enlarged picture from the projected film than on the smaller TV screen.

But even here the technology of transfer shows advances and time—base correction methods are doing much to overcome these deficiencies.

There are several methods of carrying out a transfer, the end product of which is normally a 16 mm colour negative of the picture, with a separate optical sound negative, from which composite prints are made by regular film laboratory methods. The simplest procedure is by direct photography of the picture produced by the videotape on a regular colour-mask TV monitor screen, using a camera exactly synchonised with the TV frame rate, shooting at 25 pictures per second.

The time interval between successive TV images is very short in comparison with normal film usage, so that the special camera must move from one frame to the next very rapidly indeed, if possible in less than one-thousandth of a second. Where careful attention is given to matching the electronic picture to the film characteristics, the results of this straightforward approach are very acceptable and the process has been successfully operated by Technicolor Vidtronics for the past few years as an economical 16 mm alternative to their original 35 mm method.

Direct photography of a colour TV screen can show the structure of the shadow-mask dot or PIL line pattern and an alternative involves the photography of three separate screens displaying the red, green and blue image components of the videotape picture. These images are combined for photography by prisms and dichroic mirrors so that the camera records all three together in register on the colour negative film. This triniscope system has been operated by Colour Film Services for several years using equipment of their own design and development and more recently Kays Laboratories has installed at Television International a Teledyne CTR-3 tri-optical recorder based on the same principles.

Original

The original Vidtronics process used by Technicolor since 1969 also avoided the use of a shadow-mask tube by separating the three colour signals from the videotape and presenting them one at a time on a monochrome screen, which was photographed by a 35 mm camera on black-and-white film.

This was done three times for each reel and the resultant three black and white negatives containing the separate colour information were combined by optical printing in the film laboratory to produce either a 35 mm or 16 mm print. This method yields very high quality results but because of the extra time and film stock used it is naturally expensive.

Another process involving colour separations is the Image Transform system, which eliminates the photography of an intermediate screen entirely. Here the red, green and blue component pictures are recorded one after another directly on to 16 mm black and white film using a scanning electron beam, no camera being involved. The result is a single strip of film with groups of three successive frames containing the colour information. These are combined together on a special printer to produce either a 35 mm or 16 mm colour negative for normal printing of release copies.

To obtain a colour negative by direct recording without the use of an intermediate TV screen or an additional film step, we must employ laser beam technology and this is the basis of the LaserScan system now operated at the Rank Video Centre in London for tape to film transfer.

So far we have considered only the transfer of videotape to film, but the opposite requirement, making a videocassette from a motion picture, is of even wider application and is a service offered on an increasing scale by organisations concerned with tape duplication.

Here the technology is well established. The same type of equipment which allows a film to become part of a broadcast television programme, the telecine, serves equally well as the source of video signals feeding a number of video-cassette recorders. The problem now is not so much in the methods or hardware to be employed but rather in providing the full range of both inputs and outputs which may be called for.

In most cases the film source will be a print on 35mm or 16mm, but Super-8 is becoming important, particularly for low-budget commercial productions. In each size the sound may be available either as an optical or magnetic track combined with the picture or as a separate magnetic record. Slides with synchronised audio-tape accompaniment giving automatic picture changes can also be an important source of videocassette programmes and facilities for playing these must be added to the telecine equipment.

At the recording end the cassette systems in regular use have increased during the past year to the point where any company providing a duplicating service must be able to offer the five main types—Betamax, Philips VCR 1500 and 1700, Sony U-matic and VHS—and if they hope for an International market must meet the requirements for NTSC, PAL and SECAM colour standards. Facilities for transfer to any of the various reel-to-reel tape systems may also be required. And what about the next contestant from Philips, V-2, with a turn-over cassette giving three hours' recording in each direction?

Economical cassette duplication calls for multiple recording from each playing of the original, be it film or a master tape, and it is therefore a nice matter of forecasting to decide just how many recorders of each format will give the most efficient operation and how they should be grouped in banks to combine operating flexibility and output. Three or four telecine machines, each able to take a variety of film gauges, may well be adequate as the source players but it is easy to see that anything between 50 and 200 duplicating recorders covering the various tape systems may be necessary.

At present the film used for transfer through telecine is normally a regular positive print made after the original colour negative has been cut and graded. This is natural enough where the video requirement has come merely as an additional outlet to the regular motion picture distribution. But it can be argued that if the original film material has been shot specifically for the purpose of making a video production, it is unnecessary to introduce any further photographic step (namely a positive print), involving time, cost and technical limitation.

A transfer straight from the original negative to videotape might well save time and expense and improve ultimate quality. Such a process would in fact replace a number of operations which are now part of the film laboratory's preparation work. This is a theme which will certainly be studied as the production requirements for video programmes increase especially by organisations which already combine the knowledge of motion picture laboratory and video-transfer technology and which thus already occupy established positions on the film/video interface.

Bernard Happe
Technical Editor, Screen Digest

Equipment to suit all requirements

ANYONE ABOUT to purchase video equipment is likely to be faced with a mass of information from video magazine articles, advertisements and salesmen. If the intending buyer lacks technical knowledge he is likely to be confused by the wide range of equipment available and be in danger of purchasing equipment which is unsuitable for his particular purposes or is unnecessarily sophisticated and expensive.

In-house video systems are acquired for a variety of purposes, the commonest being instructional. Video can be used, for example, as a simple feedback tool to show the learner his performance and progress — the micro-teaching situation. It can also be used to provide instructional material or complete programmes for a variety of training over a wide spectrum from managerial through sales to craft skills. Alternatively, or even in addition, an in-house system can be used to generate videotapes for internal company communications or programmes for external use such as public relations and advertising.

As with most things, price is generally a sound guide to quality. If one particular piece of equipment is cheaper than another then either its performance is not as good or it lacks some of the facilities offered by the more expensive one—or both.

In any of the applications mentioned the very minimum needed is a camera, a videotape recorder and a viewing monitor (a TV set without the facilities to receive BBC and ITV), together with sound and lighting.

Clearly colour cameras will be more expensive than monochrome and those with electronic viewfinders more expensive than those without. But these factors apart, the more expensive cameras will use tube types or tube arrangements which will give higher resolution, less picture "noise" (or "snow"), higher sensitivity (less light needed) and better colour fidelity.

In the case of colour cameras, the most expensive professional types use three tubes, one each for the three primary colours. Alternatively it is possible to use a special single tube for all three primaries. Cameras using these tubes are much cheaper than the three-tube cameras but they have a number of disadvantages. They generally need a lot more light, they provide lower resolution and it is often more difficult to obtain correct colour balance. However, under good lighting conditions and where the very highest resolution is not needed they can provide acceptable pictures at a fraction of the cost of a three-tube camera.

While all professional colour cameras are three-tube and expensive and all the cheaper cameras are single tube there are semi-professional three tube cameras available at about half the cost of the broadcast ones. These generally use smaller tubes and have slightly lower performance figures but are still very good. One make comes as a modular camera system adaptable as a studio, portable or static camera.

The videotape recorder is the most critical part of any system. The perfect recorder is not yet available and every time a video signal is recorded on to magnetic tape and then played back it will suffer loss in quality. Because of mechanical and electrical imperfections the reproduced signal will have deteriorated in terms of resolution, noise, stability (jitter in the picture) and colour fidelity. Each time the signal is recorded and played back the picture will get worse. Each recording process is called a "generation."

Generally the more expensive videotape recorders will give better performance and allow more generations before the quality becomes unacceptable. The cost will be higher if the recorder operates in colour rather than monochrome, if it has electronic editing facilities and if it uses cassette loading rather than open reel-to-reel winding.

The reasons for having the tape in a cassette are to protect it and to simplify its loading and unloading into the recorder. While it is not essential to use *cassette equipment for production purposes* it is highly desirable that cassettes should be used for all user-access systems.

The professional broadcast

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مكتبة الأصل

Key aid in communications

VIDEO IS a very cost-effective means of communication within an organisation. It should not be the sole method. It should be backed up by face-to-face interviews and by printed material, but placing too much reliance on this may mean that there is a communication failure. To quote Christopher Hope of World Wide Pictures, which is among the leaders in the field of industrial video production: "At least 2m of the population of the United Kingdom have such severe reading problems that they are class'i ed as illiterate. The population taken as a whole has a reading age of less than 14. Many of those handicapped in reading are holding down responsible jobs, and no one has equated low reading age with inability to manage."

Companies

Broadly there are four kinds of information which companies may wish to communicate to their employees: these are information about the company itself, including its annual report; information about employee benefits such as pension schemes; training and product information, although such matters as word processing and investment policy have also been the subject of video programmes.

Richard Mulhallen of Abbey Life, the insurance company, estimates that its numerous video programmes produced in-house, break down into technical training 50 per cent, sales training 20 per cent, product launches and promotions 15 per cent, news and information 10 per cent, and agency management 5 per cent. And IBM, which also uses video extensively, issues a quarterly message from the managing director, periodic news programmes carrying company news interspersed with personal information about employees, such as pet animals and hobbies—on similar lines to the well-established printed house magazine—and news of new products and benefits such as pensions.

Ian Winter, of Barclays Bank (and also chairman of the London Branch of the International Television Association), additionally finds it helpful to consider the implications of new legislation such as the Consumer Credit Act and the Health and Safety At Work Act. The National Freight Corporation has produced a programme on workers' participation, and World Wide makes for Chrysler a quarterly video report to all employees on the company's performance.

In the United States the three top current uses are for specific job training, management development and basic skill training. Half of those surveyed used video for safety training but only a quarter for annual general meetings.

It must never be forgotten that television is a very fashionable medium, and all major companies are dabbling in it to a greater or lesser extent. As Peter Allen, of ICI Plastics Division, says: "We live in a television age. The majority of people get most of their information from television and it is therefore a sensible medium for ICI to use."

There are usually three main stages in the progressive use of television by a company. First *is the commissioning of a programme* from a video production company and using outside production facilities. Next the company engages its own people to make the programmes but goes outside for production facilities. Finally, the company builds its own studio with all the necessary ancillary equipment and does the whole job in-house. The last is the rule rather than the exception in the United States where a national survey found that 81 per cent of the total programmes made by business organisations were in-house productions. It should be mentioned that it is quite the wrong approach to build a studio and then try to find a use for it.

Of course there are exceptions. Programmes put out by Shell on such subjects as how to use point of sale advertising, developments in low-cost building and how to communicate with the customer have been the result of collaboration with an outside production company, Cygnet Guild Communications, which has provided the writing, direction, and sometimes the camera-man, while Shell has provided its own fully equipped studio and video technicians.

The toe most often used to test the temperature of the water is the company's annual report. A video programme for employees (and shareholders and investment managers) about this — which should not cost more than £10,000—ought not to supplant the company's printed report but to supplement it. This is the obvious way to start and it is easy to do. The next step is to make an induction programme to give the newly joined worker some idea of the company's operations as a whole. This should also be shown to visitors to the plant. From then on individual requirements vary.

Nationalised industries are far from backward in the video field. For example, the North Thames Gas Board, under the guiding hand of Derek Dutton, has made programmes explaining the work of the finance department and of supplies and transport, and a regular news programme will go into produc*tion at the end of the year*. The Central Electricity Generating Board uses its fully equipped studio mainly for training programmes and has made a big package on the subject of safety at work. And World Wide has made two annual report programmes for the Electricity Council for showing to electricity workers and others.

Locations

The equipment required for the in-house television studio depends greatly on expert advice tailored to each individual case, but most big companies seem to prefer a U-Matic format for the player and various types of monitor at the playback points. IBM have 90 Sony U-Matics in the UK, which *were installed in their branches* in 1973. These are coming up for replacement, so the company is looking carefully at alternative videocassette systems. Video viewing locations may vary in number from as few as seven for the North Thames Gas Board to 70 for ICI in the UK. For exhibition in ICI companies overseas the videotape is often transferred to 16mm film for showing where no video equipment is ordinarily kept.

In the U.S. nearly 40 per cent of companies using video have between 20 and 200 viewing locations, while one is listed with 1,000 or more different outlets. *Generally speaking, the* greater its cash turnover, centralisation and uniformity of product lines the more likely a company is to have a television network. Ford, Coca Cola and Xerox are examples. It seems that half again as many non-industrial companies as manufacturers are users. Examples are big banks, insurance offices and telephone companies.

Bell and Howell, which deals extensively in all kinds of video *equipment*, itself uses it for communicating with its marketing companies overseas. Brian Watkinson, the head information, lists the advantages to Bell and Howell: video can package a complete audio-visual presentation making use of other media such as overhead and slide projectors and flip charts; they have in fact included close-ups of forms and other documents. Video has the advantage, when personal presentations are made, that managers who happen to be away that day can get a re-run when they get back and miss nothing. Yet another benefit from video is that it can be used by top management to communicate safely highly confidential information. This could not *be done with film* unless processing and printing took place in-house. Where there is nothing to hide, the original can be shot on film and afterwards transfered to video. Rae Evans of Cygnet Guild Communications thinks he can get more flexibility that way.

What is the effect on the audience? Dr. John Hemingway of World Wide Pictures warns that the first thing to realise is that a video programme can backfire. Using managers on-screen who have not had video training and are not convincing or personable is one road to disaster. Another is to omit the really thorough research necessary before making the pro*gramme to find out what the* intended audience want to know. Managers, he says, could without realising it promote an us and them image if they are not interviewed by a credible outsider.

But the introduction of a personality must be handled carefully. Employee communications is a serious business and should not be classed as entertainment. An imitation "Nationwide" achieves little. It should be borne in mind that audiences have been brainwashed into regarding television as a very expensive medium, so they are naturally critical of how the company's money has been spent. If money is not going on materials, plant or wages what is the benefit to the company? British audiences are very questioning. Company attitudes differ in the U.S., where there is less unionisation; and where there is as much, there is less confrontation. Nonetheless video programmes in Britain are often keenly and critically discussed.

The real object of any video programme for corporate communication is feedback between managers and employees, not *as in entertainment* television to weld a bond between programme makers and audience—this would be regarded by some workers as a waste of money.

How then can the result of any programme be evaluated? Questionnaires, discussion groups and interviews all contribute. Sometimes it is even possible to arrive at a statistical evaluation. As an example: a company having a labour turnover problem can measure its extent before the programme is shown and then at fixed intervals afterwards.

The uses of video are many. Carefully and prudently employed it is a valuable manage*ment tool of communication and* one that will be used increasingly as formal educational standards drop.

Kenneth Myer

Equipment

CONTINUED FROM PREVIOUS PAGE

recorder used to use 2 in tape but the latest broadcast machines now use 1 in tape. They operate to very high standards and are relatively very expensive. The non-professional machines use a variety of tape widths; some are open reel and some cassette.

The most popular and widely established is the ¾-in cassette system which operates in colour or monochrome and includes a variety of machines by a number of manufacturers. There are basic record-playback, play only, editing and portable versions. Because it is a cassette system it is also suitable as an instructional playback system for classroom or individual student use as well as for production purposes.

Its basic first-generation performance is good but its multi-generation performance is not outstanding. Because it does not meet the requirements of the more critical applications a better semi-professional version has been developed recently. Unfortunately tapes are not interchangeable with the original version.

Certainly the ¾-in system is suitable for production purposes if one is prepared to accept that its performance is not up to the highest professional standards. The new ½-in home video cassette machines may be suitable for low-cost user-access systems but it is early days to give positive guidance.

Finally there are the viewing monitors (television sets without the station tuning facility). For colour these should use the modern in-line tubes as they give brighter pictures and are more stable. Alternatively television projectors may be used. These (apart from the very costly Eidophor) impose restrictions such as the need for blackout and for the audience to sit fairly near to the axis of the screen.

This seems a good point to examine some practical systems. The simple micro-teaching feedback system could be as basic as using a non-viewfinder monochrome camera with an open reel monochrome recorder, a monochrome viewing monitor and of course a microphone. With adequate lighting and reasonable room acoustics the results would be acceptable for this simple application and the system would be cheap.

For the simplest instructional tape it might be wished to take a camera and recorder to a location to record some process or activity. Here one of the battery-operated "portapack" systems with a viewfinder camera which can be hand-held or tripod-mounted and a portable recorder would be suitable. Modern colour portable systems nearly all use cassette recorders and many of them have a basic "assembly edit" in that each sequence recorded is electronically edited on to the previous one without picture disturbance. Providing no mistakes are made, the resulting recording will be acceptable given adequate lighting and sound.

Facilities

If, however, the recording is not up to scratch, there is nothing that can be done without access to editing facilities. So such facilities are likely to be the next priority. In addition, the recording is to be made available for use by instructors or by individual students. Without releasing the master copy, extra copies will be needed. These can only be made in-house if a second recorder is available. This could be the same machine as the one used for editing providing the same tape system is used for the distribution copies.

This raises the question of multi-generation performance. Editing adds a generation: making a user's copy also adds a generation. Instructors or pupils may have to rely on third-generation tapes if they are denied access to the original. Therefore it is important before making a decision about recording and playback equipment to have an opportunity to see the picture quality of a system at the number of generations that are going to be used in practice.

If the system is going to provide feedback teaching and also make simple instructional programmes the portable camera and recorder outfit will do both, though not at the same time. But having a "portapack" could be an economical way of getting started.

So far we have considered using only one camera for making a programme. Having two or more cameras available for simultaneous use offers many advantages. However, in addition to the extra cameras it is necessary to have a vision mixer (to change over the output from one camera to the other), camera preview monitors, a sync pulse generator (to keep both cameras in electronic step) and communication to cameramen. For mobile use a vehicle will be needed for transport of equipment and to act as a control room, and for static use a studio with nearby control room.

The step to a multi-camera unit is a big one and should not be undertaken lightly and without professional advice. If a visit to an existing unit of a similar type can be made it will certainly be very informative and give a clearer picture of what is involved.

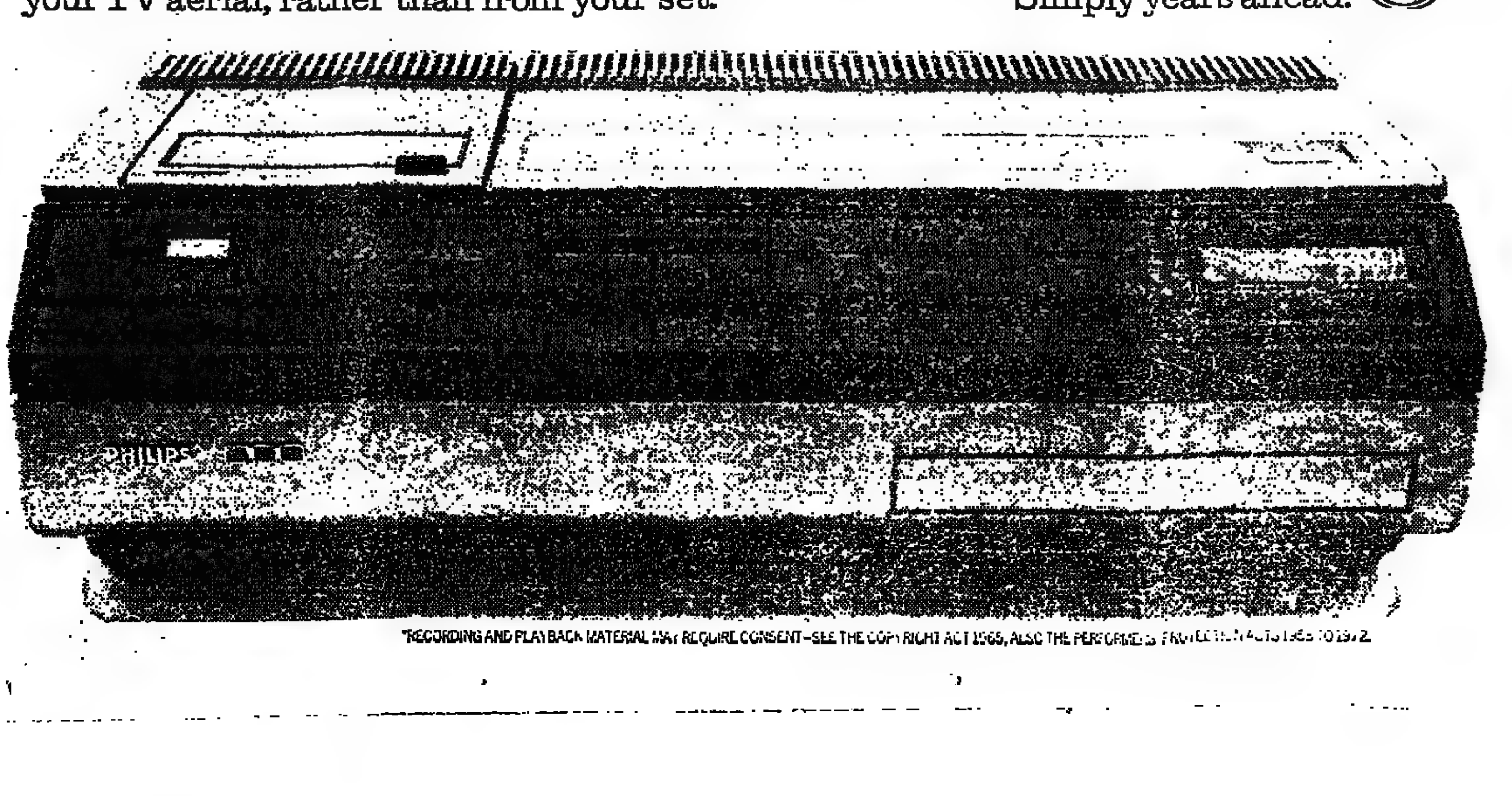
If keeping down costs is a paramount consideration it would be necessary to use single tube cameras (assuming colour) with the required high lighting level and ¾-inch recorders for recording and editing, and for user access. Better cameras of the three-tube semi-professional type would be a great step forward both in terms of picture quality and the reduction of light level required. For picture quality which would be generally acceptable and compare favourably with domestic off-air pictures, the new 1-inch broadcast recorders would be needed for recording and editing but ¾-inch cassettes could still be used for distribution copies.

The best equipment would always be desirable but can only really be justified when either the final product will have widespread use within the organisation, when the content demands the highest quality, when the "image" presented by the programe is important for prestige purposes or the programmes are to have a market outside the company. It would also be justified if it was necessary to convert the final edited tapes to 16 mm film for distribution purposes.

There are a few other final points to consider. First, equipment needs maintenance and repair and this costs money whether done in-house or by out side contractors (the best equipment is usually the most reliable). Second, it is advisable to consider the use of professional facilities companies if the need for really high quality production is only occasional. Third, video technology is developing fast and new products can make existing equipment obsolescent rather quickly—though it may still be quite adequate for the purpose for which it was bought.

Last, whenever possible try to obtain unbiased professional advice; mistakes can be very expensive. Try and have a realistic demonstration—that is, of your subject matter under your lighting conditions and at the number of recordings generations that you will be using.

Peter Whitaker



The marketing of games is a high risk business

"DON'T WATCH TV tonight; play with it." This is just one of the advertising headlines employed by American video game manufacturers (in this case Atari) to sell their products and to cultivate the concept of a TV set as an interactive medium. Evolving from their big brothers, the "arcade games" installed in clubs, hotels and amusement arcades, home video games have accounted for around $85m in worldwide sales this year and are expected to reach $120m in 1979.*

The rapid growth of this market, which has attained sales of several million units per annum in only two to three years, has been due to semi-conductor technology. The video game was set in motion in 1966 when Sanders Associates, a company involved in video displays, filed a number of patents describing the electronic methods of displaying images on a TV screen. The American company Magnavox (now owned by Philips) then acquired an exclusive licence from Sanders to manufacture and market a video game which it called the Odyssey and which was sold in the U.S. in 1972 for around $100. This was a very basic unit, which featured a ball and two "bats," with no sound effects or electronic scoring: "boundary" was accomplished by a plastic overlay on the television screen.

Integrated

It was not until 1975, when General Instruments in Scotland developed the first single integrated circuit television game at around £40, that the ubiquitous IC began to play its part. This development allowed the manufacturer to offer six programmes in the same unit, all of the "bat and ball" variety. By the end of 1976, General Instruments had shipped 5m ICs to manufacturers in the U.S., Japan, Europe and the Far East. The only problem was that it resulted in a remarkable similarity of products, the only difference being in the packaging. One notable exception was a British company, Sportel, which introduced colour games in 1975. Nonetheless, 95,000 video game units were sold in the UK during 1976 at an estimated value of $2.5m—about 18 per cent of total European sales.

But the game possibilities offered by using these dedicated chips were limited, and it was in 1977 that the third generation of video games arrived in the U.S., using the equally ubiquitous microprocessor. By using this techonology, the unit can be reprogramed simply by slotting in a different cartridge containing anything up to 50 games. The only limitation here lies in the ingenuity of the people who write and prepare the programes. Fairchild was the first company on the American market with its "Grandstand" unit introduced in the UK earlier this year by Adam Imports, shortly followed by the Atari "Video Computer System" marketed here by Cherry Leisure, with a new programable unit from Magnavox available early next year.

These fully programable games are still relatively expensive—between £100 and £150, with the dedicated chip games being considerably cheaper at around £10-£20. Market predictions suggest that the sale of non-programable units in the UK will peak in 1979 at 775,000 units (compared with 625,000 in 1978), dropping to 700,000 in 1980, whereas the sale of programable units will rise steadily during 1979, reaching about 850,000 units for the whole of Europe in 1980*. Of this, Cherry Leisure, which markets the most sophisticated unit on the UK market to date, expects pre-Christmas sales of around 25,000 units, capturing 10 per cent of the UK video game market.

With no two video games compatible, the market for cartridges will be thriving well after saturation point has been reached with the sale of the hardware. This year, European cartridge sales are expected to reach 250,000 units (each cassette ranging in cost between £15 and £30), rising to 1.4m in 1979 and just over 3.5m in 1980*. Another lucrative area will be in game accessories. Extra controls are already being marketed to allow four people to play, and in the near future steering wheels will be introduced for car games and control units with their own visual display units incorporated.

Of interest, however, is that Magnavox, through its acquisition of the Sanders's patents in 1966, holds a basic video game licence, enabling it to act against manufacturers once they are marketing a system. Thus, any company wishing to enter this field has to make a basic contribution and pay royalties to Magnavox, unless a joint research and development agreement is made. In this respect, a number of legal cases were fought and won by Magnavox against a variety of companies, including Atari and [illegible] in 1974 and J. Parkar (marketing Binatone) in 1977. It is even possible that was the Post Office to include video games in its Prestel system, that it too would be subject to a licence fee.

Seasonal

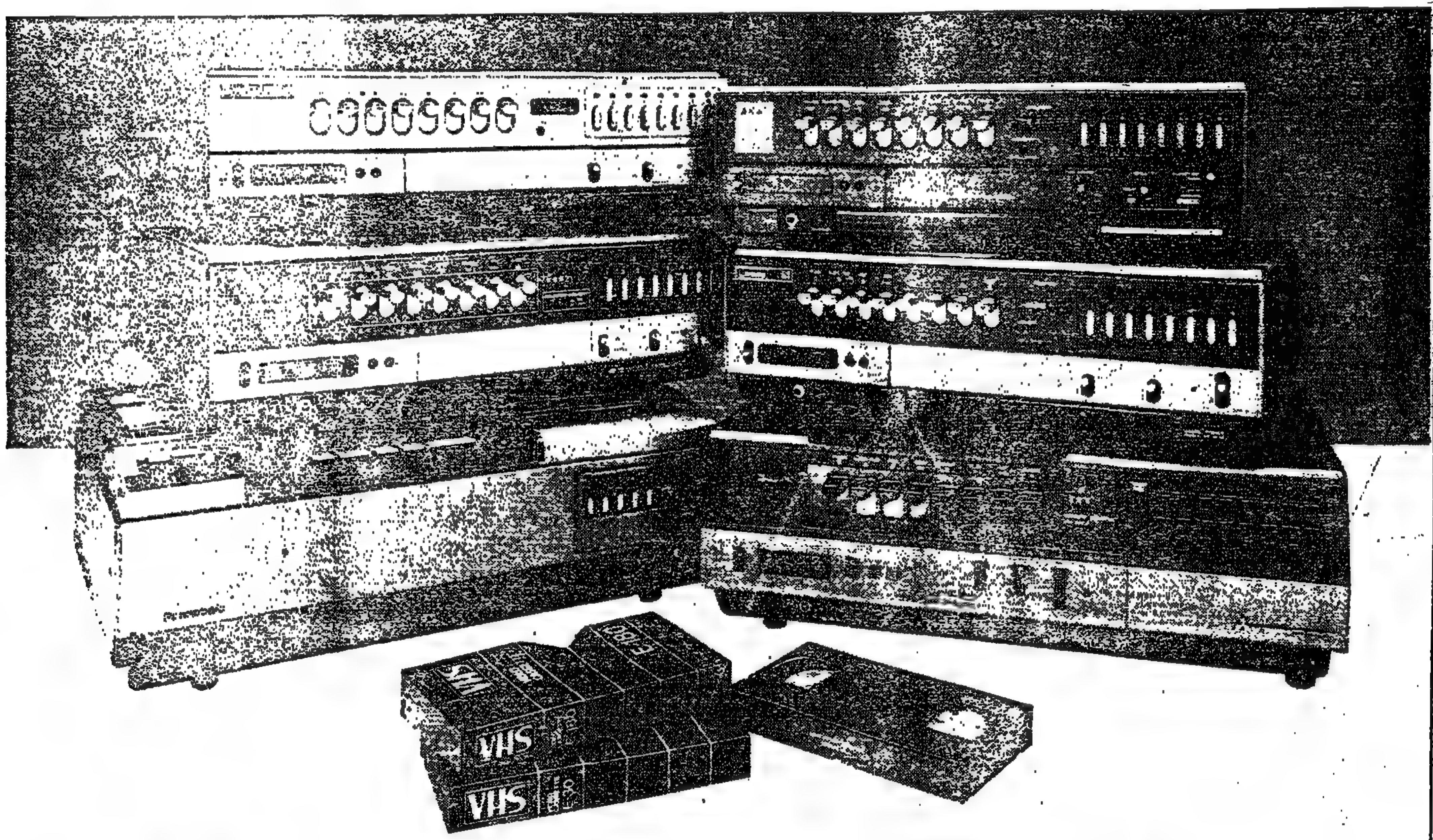
But video games have already proven themselves to be a high risk business. Sales have been *largely seasonal and dependent* on the whim of the consumer. In the early part of this year, a number of companies ran into difficulties, including Videomaster, a former European market leader, which was eventually taken over by Waddingtons, the games company. But it is hoped that with the introduction of fully programable games, the sale of cartridges will help stabilise the market, providing a buying incentive all year round.

And the future? Obviously the first *step* will be to introduce more cartridges of varying sophistication. Next year there are plans to market a chess game which will be capable of thinking 10 moves ahead, and video ludo, monopoly and scrabble are not far off. Education is one area where much activity is expected. Already there are simple mathematics cassettes with spelling cartridges and more complex "mastermind"-type games entering the market next year—the concept being that learning *should be fun*.

For the 1980s, we will be seeing video games which can double as home computer systems dealing with domestic accounts, regulating central heating and acting as information storage units. TV sets with built-in video games units are already being marketed in West Germany. The days of the Integrated Video Terminal—incorporating the TV set, video cassette recorder, teletext terminal, video game and home computer are not too far away.

* Mackintosh Monitor Report on Video Games.

Sally Peberdy
Editor, Video and Film International



Developments in camera technology

GEORGE ORWELL'S vision of a television camera in every home by 1984 appears, from a 1978 standpoint, to have been extraordinarily precise. His only error was to assume that Big Brother would be on the end of the line when in all probability it will be Small Sister.

If television cameras have any place in public consciousness, it is either as the studio version or the smaller closed-circuit security scanner which blinks at, for example, C and A's customers across the cardigan counter (none too effectively it seems as C and A has recently resorted to additional security devices).

What are the differences between a broadcast studio camera and the smaller devices used to discourage shoplifting? And what is happening to camera technology that makes Orwell's prediction so remarkable? The story is roughly as follows.

Leaving aside the pioneering brilliance of John Logie Baird and others in this field; it was the Radio Corporation of America which in 1933 produced the first working model TV camera. RCA's Iconoscope was soon followed in Britain by Marconi-EMI's Emitron camera, which was employed by the BBC at Alexandra Palace for the first "high definition" (405 line) daily broadcasts—a camera known to those who used it as the Iron Man.

Stability

Forty-five years on the studio television camera remains remarkably similar to its Iconoscope forbear, though offering greater electronic stability (daily instead of continuous adjustment of drifting electronics), higher quality and of course colour. Only very recently has the broadcast television camera come down from its pedestal and taken to the streets in a lightweight, shoulder-supported "electronic news gathering" form. Signals from such cameras are either relayed to the studio via microwave link or to a transportable videotape recorder.

This is an important development since it can allow much faster news processing than the 16mm cine film previously used for TV newsgathering. Videotape, it hardly need be said, does not require chemical processing and is incidentally both cheaper than film and re-usable. It is also, however, seen by BBC film crews as a threat to their profession; after a one-year experiment, the BBC's ENG equipment is now confined to base awaiting union negotiations.

At the lower end of the price scale, television cameras are in a position similar to that of calculators before the solid-state "chip" sent prices tumbling. A small monochrome TV camera to shoot the family currently costs a pretty off-putting £300 or so. The same thing sold to a shopkeeper as part of a surveillance "package" may cost double. (Some manufacturers offer low-cost dummy surveillance cameras though none appears to include a dummy whistle.)

Prices

Colour camera prices were grim at some £1,800 minimum for an Akai model until this year but JVC has recently introduced a £1,200 model only to be undercut by an £800 unit from Hitachi.

But high-fidelity shoplifter rendition seems at present to demand such high light levels that the thieved item might roast the lifting hand.

The fact that colour camera prices have fallen even to their present level is thanks to a "three-in-one" approach to camera tube design. Colour television requires simultaneous processing of the three additive primary colours: red, green and blue. In a high-quality camera this is accomplished by using what amounts to three monochrome camera tubes with a red, a green and a blue optical filter to separate the spectral coverage of each tube. Economy has been achieved at the expense of quality by employing a single tube with alternating filter stripes across its face, the separate red-green-blue signals being decoded electronically from the tube output.

Effective

Almost the last word in low-cost colour cameras uses an array of three photo-sensitive charge-coupled-device (CCD) chips; this forms the basis of a prototype camera developed by Sony. The effective resolution of each chip is improved by staggering the CCD elements so that those of one colour sensor are effectively located between those of another.

The last word itself will be a single chip handling all three primary colours and then feeding a similar chip acting as a frame store which will compare the moving image (the rising eyebrows, the shifting lips) with the motionless background. The videophone-in-every-home will not waste Post Office capacity by televising 4m mostly identical dots per second; rather will it provide an update of the few thousand dots per second that actually move in a normal face-to-face scene or document transmission.

David Kirk
Editor, Video and Audio-Visual Review

هكذا من الأصل

Is your company image grey, muddy and fuzzy round the edges?

At Sony we've made a machine to smarten your firm's appearance.

The portable U-Matic colour videocassette system.

Specifically, it's a VO 3800P video recorder/player and a DXC 1610P video camera.

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We won't go into all the long technical details here, suffice to say it gives incredibly clear, sharp pictures, even in low light conditions.

(So if you're shooting indoors on a dull day, you can still tell where the chairman ends and the armchair begins.)

However, superb optics are only half the story.

We've built the camera, its clip on battery-pack and control unit as one piece.

That makes it truly portable.

The whole thing will then sit on the shoulder, making it very easy to handle.

And it's just as easy to use.

It has a single action, zoom and focus lens. A built-in microphone. Four built-in light filters.

And, when fully charged, it'll let you shoot for up to three hours.

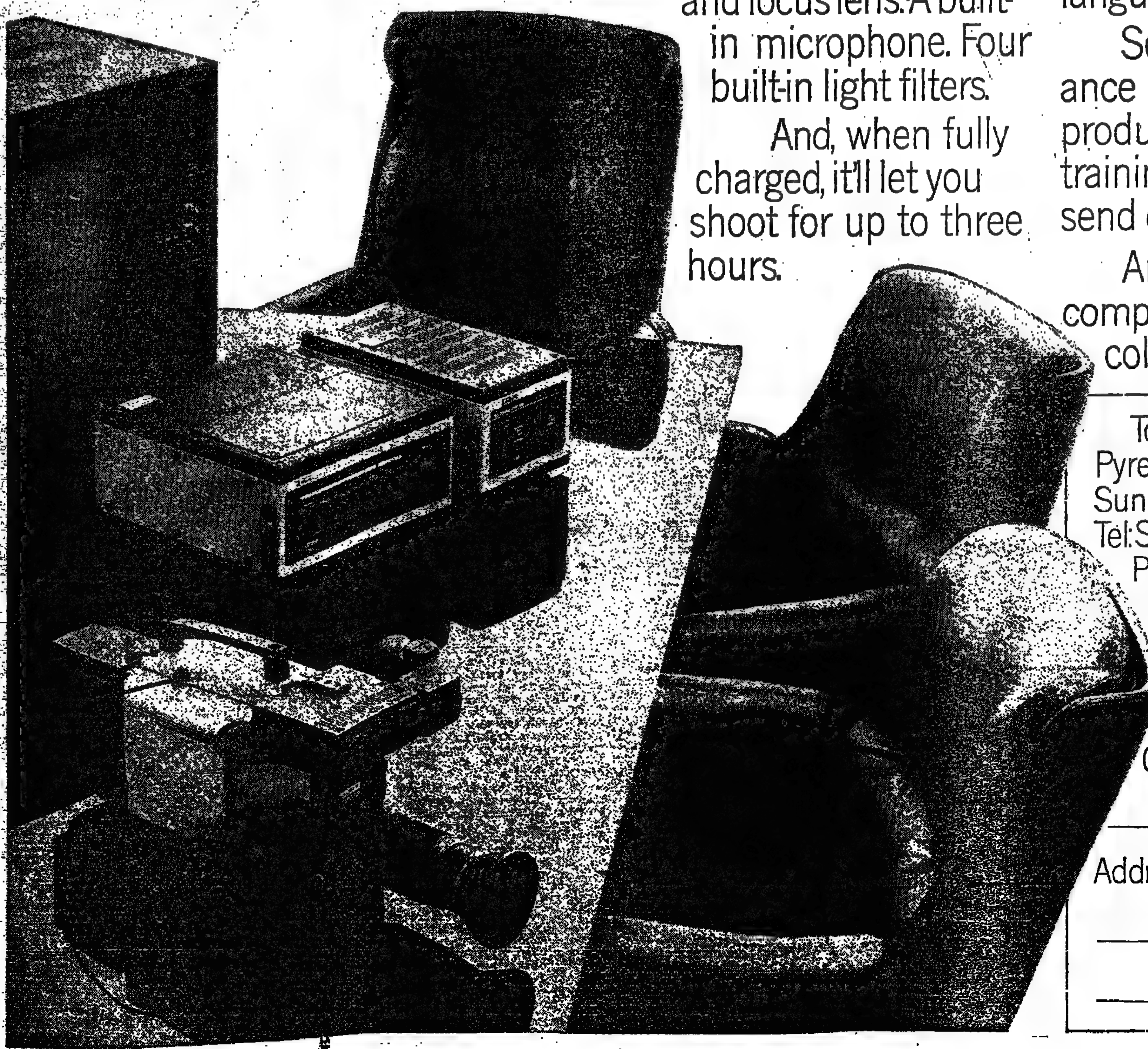
On playback, which is where the recorder/player comes in, it has a "still-frame" facility.

Just the job for freezing pictures of complicated charts or figures.

You can even dub on an extra sound-track or foreign language.

So, to improve the appearance of your board meetings, product demonstrations, training techniques or whatever, send off the coupon below.

And trade in your grey company image for a bright, new, colourful one.



To: Pieter Glas, Sony (UK) Ltd., Pyrene House, Sunbury Cross, Sunbury-on-Thames.
Tel: Sunbury-on-Thames 89581.

Please tell me more about the Sony portable U-Matic video-cassette system.

Name__________

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FT/23/11/C **SONY**

VIDEO SYSTEMS VI

Community benefits

A community video crew with portapack.

COMMUNITY VIDEO is an imprecise term which over the years has become the accepted shorthand for a whole range of video activities that have one point in common; they are non-commercial and have as their central aim the idea of benefiting the community they work with.

Most of the people attracted to work with video in this way are young and idealistic—often graduates or drop-outs from the universities who wish to pursue socially useful jobs without becoming part of the established structure. They see video as a useful tool for the kind of community or educational activity they wish to promote. There are about 40 groups operating on these lines in various parts of Britain today.

Community video was only made possible by the introduction of the portapack—a relatively cheap black and white unit, comprising a small videotape recorder with a shoulder strap, using half-inch videotape, and a light-weight camera. Its low price (currently about £1,000), simplicity of operation and high mobility made it a likely candidate for experimental work of this nature.

Exercises carried out by public authorities in North America, using video as part of anti-poverty programmes in areas with high unemployment and associated social problems, were responsible for spreading to Europe the idea that video could transform depressed communities. The concept of guerrilla or alternative television was also an appealing one.

The cultural upheaval which occurred in advanced Western societies during the late 1960s came at the same time as the new video technology. Media prophets like McLuhan and Enzensberger highlighted the power of the modern electronic media and wild predictions gained currency foreseeing the democratisation of broadcasting through the spread of cheap video equipment.

In 1969, the alternative UK newspaper IT carried an article which ran: "Tonight's topic is video. In fact there's a whole scene waiting for the taking and only some of it lies behind the frozen faces of Frost, Braden and President Wilson." The artistic fringe also took up video and during this early period their activities often merged with those of community video activists.

Right up to today there is still a close connection, as much community video activity draws its funding from the community arts movement agencies like the Arts Council and various private charitable foundations. There has been an ongoing debate about whether community video justifiably falls within the responsibilities of artistic bodies or whether it might not be more suitably financed by the Department of Education, Department of the Environment or local authorities.

In fact some local authorities, such as Lewisham and Hammersmith, have adopted video in a limited way in an attempt to improve communication in their communities, but these small experiments have been criticised as being merely an extension of the local councils' relations machines. The driving force behind community video is that it should help ordinary people get their message across to the authorities.

In this sense video has frequently been used by tenants associations to present their arguments for urgent house repairs to the local housing committee. It has also been employed by squatters groups to document their efforts at rehabilitating unused property. The first community videotape ever broadcast on television appeared on the BBC news magazine *Nationwide* as part of an item on the eviction of a large squatting community in North London in 1973.

The longest lasting examples of community video—or at least local video—can be seen in the six major cable television experiments, the first of which began in 1972. These gave the owners of cable relay networks—which normally supply BBC and ITV signals to homes through wires, instead of a roof or indoor aerial—the opportunity of expanding their services by starting a local TV service.

CONTINUED ON NEXT PAGE

Ways to display electronic data

IT WOULD be easy to get Teletext and Viewdata—the television data systems—out of proportion. On the one hand, systems for transmitting data via the airwaves or the telephone lines for display on television screens may seem to herald the paperless society; on the other, they may only look like a good way of bringing up-to-the-minute share quotations into brokers' offices.

In fact, their real value lies somewhere between the two, but they are only two of a number of ways in which "television" is used to convey information other than the usual moving pictures. The immediacy of an electrical signal, recognised since the early days of telegraphy and telephony, is indispensable in modern life for everyone from the dealer on the world's money markets to the old age pensioner checking his football pools coupon.

By adding to standard broadcast equipment a means of typing information which is encoded as electronic data for TV display, the British broadcasting organisations were converting for mass media use the sort of facilities which had hitherto been available only on expensive private computer systems. By sending the data through the telephone network rather than over the air, the British Post Office, with its Prestel viewdata service, freed the concept from the limitations of broadcast frequencies.

As yet, neither system has had much chance to prove itself. Of course teletext and viewdata work, but design engineers cannot programme society to make instant mental leaps to encompass the potential of new technology. It will probably take a generation to appreciate the character of the infant twins.

Discs

The much vaunted video disc, capable of holding 45,000 colour still frames (54,000 on the American NTSC television standard) rather than a half-hour programme, is another branch of technology which is just beginning gingerly to take its first step towards replacing paper. The American MCA company, partnered by Philips to exploit the domestic entertainment aspects of the disc, has formed a second partnership to concentrate on industrial and business application. It has chosen a Japanese associate and formed Universal Pioneer Corporation. Already quantity production of the Model PR 7820 industrial video disc player is beginning at Pioneer's Tokorozawa plant near Tokyo.

Although information could be published in disc form, the systems are seen essentially as storage media, and the idea of this compact format has attracted such data processing giants as IBM to venture into the video disc field. Early users of the hand-built MCA players included organisations with a need for rapid retrieval from massive information banks—such as the U.S. Navy and the CIA.

The capacity for compressing data into round, flat packages is impressive. If a typical Who's Who type entry ran to two TV "frames," the biographies of the entire British population could be contained on a mere 2,000 discs, occupying no more than 50 ft of shelf space. (In fact it is estimated that by the end of the century each person will have a data "shadow" of personal information as massive as the Encyclopaedia Britannica.)

The more cumbersome videotape is also pressed into service, as in the Ampex Videofile Information System for which New Scotland Yard paid £2.9m two years ago. On to this is now being put the entire UK national fingerprint collection of 2.5m sets of prints in a two-year project. Although the information being stored is photographic rather than electronically generated print, the methods of search and retrieval are computerised. The video disc would represent a significant improvement in that not only does each frame have a discreet code number, but it is far quicker to run an optical pick-up across the face of a disc than to run tape backwards and forwards between two spools.

Video becomes part of a chain which also includes word processors (themselves with video displays), telex, telephones and computers. The pattern of electronic media in the wide sense means that video is not simply a means of storing or transmitting information: by being interactive, the data can take on a fluid aspect, changing as a result of computations or continuous input. For example, monitoring systems can make use of video not only to watch premises by means of closed circuit cameras but for the display of, say, temperatures in different parts of a factory or the running speeds at different points in an assembly line—shown as a series of changing coloured bars on a television screen. The display can also be recorded on videotape for quality or environment control monitoring.

Creatively, video's use is still essentially limited to inputs from cameras or to simple graphics, but Texas Instruments is developing a unit called the Interactive Designers Graphics Terminal. This microprocessor-based device would enable images to be drawn, coloured, stored, retrieved and transmitted. It could be used for animation or in industry for engineering drafting or for architectural drawing—and even in the print industry. (Print is not yet dead!)

Another pioneering organisation in this field, Philips Research Laboratories, has designed a device called Micterm-2 which combines a viewdata terminal with a home computer, giving the best of both worlds by providing access to a remote data bank for both input and output, while allowing purely local use for personal record keeping, calculations or games.

In many of these systems, cheap audio cassettes are adequate for recording the visual information in digital form and will perhaps offer some opportunities for publishing. Already home computing enthusiasts in the U.S. can buy cassettes of pre-recorded computer programs, sophisticated games and standard software packages.

Electronic mail is thus only one step away. The two-way message facility promised by the Post Office for Prestel users could substantially replace both the telex and the postman. Letters compiled on word processors could be switched automatically in dark hours through the Prestel computer to their recipients. Private systems are sure to develop, perhaps being economic even for relatively small concerns: the Post Office is already promoting a "closer user group" idea for Prestel, in which access to particular information is limited to only those users who are in possession of a special code number.

With the public already able to ask a computer terminal set into the outer wall of a bank to check their current account balance, it will not be long before they can see a detailed statement in the privacy of their own homes. The science fiction dream of transacting most human business through the television screen now only requires people to buy the necessary terminals: the technology is already with us.

But if that sounds horrific, there are compensations. In the New Rural Community project in Connecticut, U.S., and at Tama New Town in Japan, research is underway to see how far combined video, audio and data communications systems can save energy and improve the quality of life—eliminating commuting and allowing work to be done in pleasanter surroundings in communities of manageable size. The repercussions of that line of development seem endless. London Bridge station may never the same again.

David Fisher
Editor, Screen Digest

A growing influence in training

FOR A subject which supposedly encompasses only one major discipline—that of teaching—training is surprisingly diverse; it ranges from the need to up-date management accounts on latest offshore tax laws to explaining simple and repetitive production processes and persuading managers to delegate, make better use of their time or more imaginative use of someone else's.

Two things stand out; video and its supporters have not so far "revolutionised" training media usage: developments during the past few years, and more particularly within the past 12 months, suggest that that position will change in the early 1980s.

It is worth taking a look at video in training now. A few generalisations can be made which are not too open to contradiction. Leaving sales training or distribution of new product information aside for the time being, there are two broad areas of training in which *video is actually "produced"* by conventional training departments. First of these is concerned with surveillance of a kind—genuinely closed circuit television or CCTV. In these cases the video camera and its "ancillaries," monitor and recorder, are being used to teach interview technique, conduct appraisals and the like. Each shoot is a one-off for a particular audience and in many cases a permanent record is not really necessary.

The second, less common, condition is that *in which* the training department has its own studio, or access to a studio, where it can make "set pieces" to use as part of regular courses. A good example of this kind of use is often found among public service establishments: like the Lancashire Constabulary Training College at Hutton (near Preston) where lecturers (policemen and women on secondment for a period of time) use times of the year when they are not overburdened with pupils to produce short "role-play" sequences *illustrating* particular subjects which are contained in the syllabus.

There are plenty of other examples around; but the particularly relevant point is that where a department/establishment is run by only one firm/service body, practically all the equipment used is at present black and white rather than colour. Available funding is often the main reason for sticking to black and white; but many trainers and their production teams come up with some very viable justifications for sticking to monochrome—such as its relative technical simplicity or the quite obvious fact that you don't really need colour in interview or appraisal situations—most of the subjects to whom the recordings are being *played back normally* know their own hair colour, what stripe tie they have on, etc., and black and white (or rather grey) pictures are happily cost-effective. It has even been suggested that other industrial users are only using colour because their programmes need to be glossy in order to motivate people to watch them; trainers' pupils are usually motivated by *the knowledge* that they *will* receive some personal benefit at the end of the course: everyone watching the chairman of Grommet Industries chatting about the annual turnover almost certainly knows that they won't.

Another area in which training departments are becoming concerned with video is as a distribution medium for material produced either in-house or by some outside agency. Some of the industrial training boards—notably the Distributive Industry Training Board and Road Transport Industry Training Board—have set up colour studios to produce specific material meeting their "customers'" needs and have enjoyed considerable success with them. But even now 16mm film is still the pre-eminent distribution medium for audio-*visual training material. Its* advantages over video are being eroded; but it still has the great factors on its side of there being a single standard and almost saturation levels of 16 mm projectors both in the marketplace and on company books. With relatively few exceptions, companies have not been prepared to allow their staff to set up extensive videotape recorder/monitor networks purely for training purposes.

Definition

Of course, it all comes down to what the reader understands by "training." *The* fact of the matter seems to be that a kind of definition can be arrived at by considering the status of a particular activity within most large organisations scale of values. *Distribution of* product information, motivation of sales teams and even sales training seems to be regarded by many high executives as far more important than teaching the service department how to mend the products that have *been sold.*

There is already one big area which will almost certainly be a boom business for the next few years. Depending on whether you are in public relations, personnel or training, at the moment it's called "internal *communications,*" "*employee* comunications" or, almost as a desperate bid to win cash, "attitude training."

Whatever academic name tag eventually gets hung on it, the business of having to feed information to (and hopefully back *from*) all the various interest groups in a company is likely to change significantly at least the accessibility of video to trainers.

Gradual establishment of company video networks seems to be inevitable—and although *this* article is not meant to be talking about corporate video, surely only the most insane corporation would deny *its* training department access to an internal communications network? After all, you cannot get everyone listening to the chairman all the time, and it would be worth doing something else with a network to make it viable.

In a cost-conscious age, the introduction of videotape recorder formats which are relatively cheap ways of distributing programmes is important. Tape costs for both VHS and Betamax are much lower than for either the Philips VCR or Sony U-Matic formats—making it cheaper to distribute large quantities of programme material. And although it is really too far ahead to say, there is a distinct feeling that the sale of domestic video formats will encourage a much more widespread use of video as a distribution media for the a-v programme packages that most people still call training films. After all, tapes are cheaper to duplicate, less likely to be damaged and easier to distribute physically. Once a significant number of executives get a VTR at home *then it will be quite feasible* for the libraries to rent casette copies of, say, a Peter Drucker film so that they can "revise" before the next Board meeting.

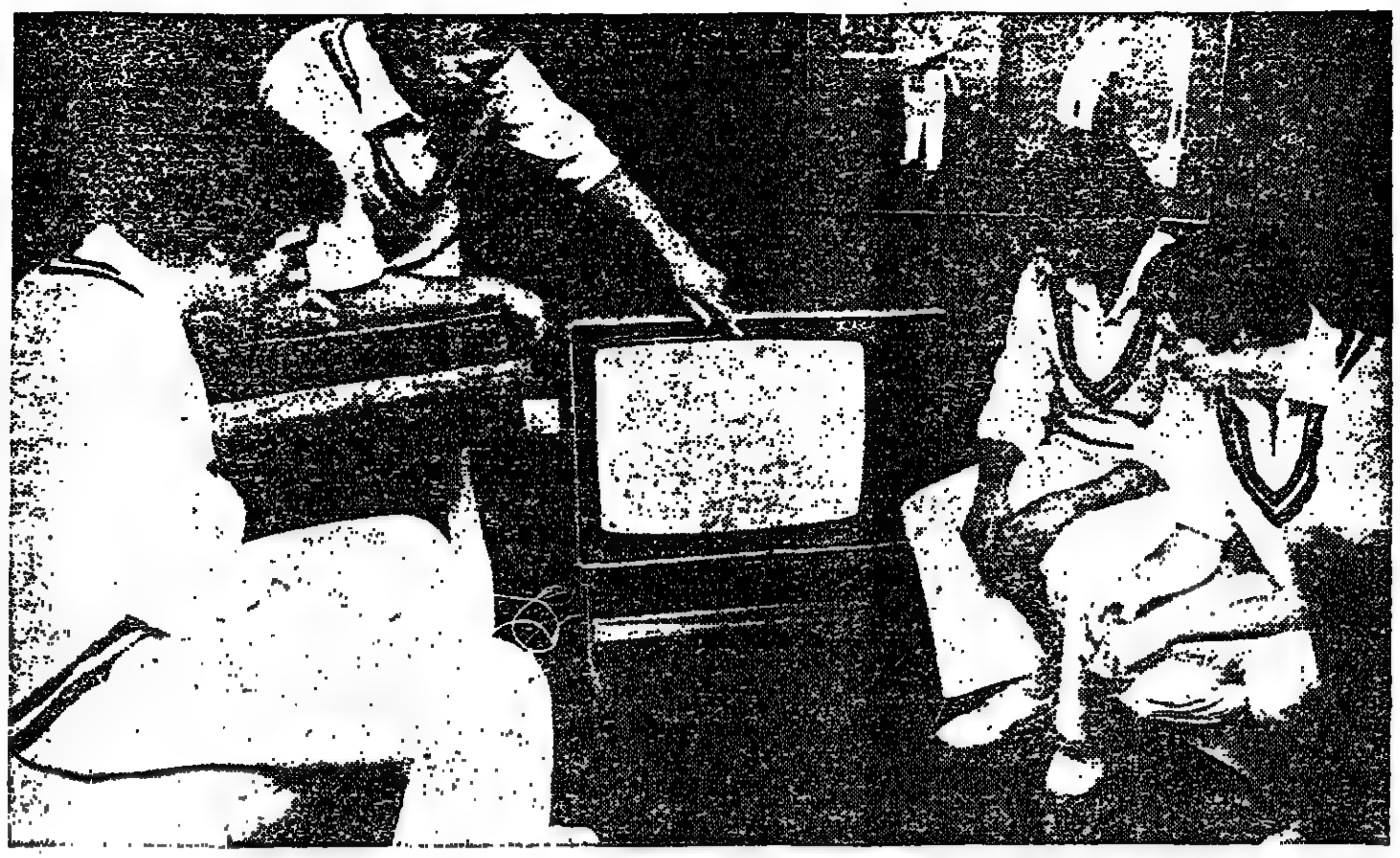
The second technological "leap" has been the fairly recent introduction of small, easy-to-use colour cameras such as those announced this autumn by JVC, National Panasonic and Hitachi. The scale of the innovation can be judged by *the fact that a training department* could now get an acceptable colour camera to use instead of its monochrome set up for less than half the price it would have had to pay some years ago. And, because they are units primarily designed for the consumer, the new *cameras are designed to be easy* to use.

There are, of course, some companies already using video well and professionally who have money to spend. But it is worth remembering that not all are so well off; the following comes *from* the "house magazine" of a training board dealing with one of this country's most capital-intensive and strategically important industries. . . .

"The Board started off (in 1975) with a simple, single camera portable system. . . It has now (August, 1978) progressed to a two-colour monochrome system with editing, vision mixing and sound mixing facilities."

Peter Lloyd

Editor, Audio Visual



Sport is one of the many areas where video systems are of value in training—the installation here is at Lords.

Benefits

CONTINUED FROM PREVIOUS PAGE

For a lot of complicated economic reasons, the cable operators were really *interested* in gaining profitable *franchises for* services like pay-TV. However, they agreed to start local TV in the hope of obtaining other options later. With one marginal exception the original commercial local operations have closed down. There are two stations operating at the moment, one in Swindon, the other in Milton Keynes.

Controversy has always surrounded the working of the stations, currently reflected in the situation at Channel 40 in Milton Keynes, which is publicly financed by the local Development Council and the Post Office. The young staff, who by and large want to see the station run in the interests of the community, are in conflict with the station's head and management, who seem to want to operate it as an information channel for the public authorities. The experiment is due for review in July, 1979, when it may well be discontinued, rendering the dispute unresolved.

The ever-present difficulty of community video workers has been finance. Truly independent groups — like Sheffield Video Workshop, initiated by a former Granada TV researcher who became disillusioned by the methods of broadcast television—have no easy way of earning a living. Equipment is often begged or borrowed from a regional arts association. Some costs are recouped from part-time video work in schools, but this is nowhere near sufficient to pay living wages or purchase adequate equipment.

The truth is that many video activists live by a combination of unemployment benefit, arts grants and the odd freelance job. Yet it is a credit to their belief in what they are doing that they persist in carrying on.

The West London Media Workshop group ran an intriguing *experimental news service* in North Kensington during 1977 which relied on assembling a sequence of portapack-shot items of local interest that were then replayed at a number of fixed venues.

The exercise was largely made possible by a job creation programme grant and now, because that money has ceased, the whole future of the Media Workshop is in question. Some vociferous critics argue that community video has not proved its worth and should therefore not be funded, but in reality *few if any community* video projects in the UK have ever been allowed a stable enough period to show what they are doing works and is worthwhile.

A significant part of community video work's purpose is to help people help themselves. A quick viewing of some of West London Media Workshop's considerable number of video tapes should convince most observers that they are successful at doing just that. The Colville Nursery Tape is a shining example of a community helping itself by fighting for *its own* day nursery under the community's control. The videotape helped get the participants' sense of purpose as well as providing an excellent information source.

One could quote endless examples of video work undertaken with old age pensioners, children, mothers, the handicapped, tenants and many other disadvantaged groups over many different issues that have proved fruitful. Unfortunately these activities only happen in isolated pockets and unless a co-ordinated policy is adopted in the near *future* they are likely to disappear as quickly as they came

Graham Wade

Wide range of accessories

A SERIOUS working definition for "accessory" first has to be established, so let us call an accessory something useful but not essential. The general rule of thumb is that the more expensive the item of video equipment bought the more "optional accessories" there are to enhance its performance.

The fringe markets, if one takes video games as an example, might well be bigger than the professional and consumer accessories market: they are certainly easier to gauge. There are several differences that mark the professional market and consumer market as being very different, and none more so than the frightening lack of standardisation that exists in the latter. Winners—in the guise of the JVC VHS videocassette player — are emerging from the pack, but the grim determination being shown by Sony and Philips and the new found energy at Grundig, with the Betamax, the N1700 and SVR formats respectively, will probably ensure that standards will elude us until after the demise of electro-mechanics. Thankfully, the industrial and professional markets offer stability.

The accessories business spans a list of literally hundreds of products, from a ten-metre camera cable to an air-conditioned lorry into which a full TV production facility is built.

Guesses

For the people that love statistics it must be said that everything offered here is an educated guess. First one: among the Association of Video Dealers the percentage of factored turnover accounted for by accessories can be pitched at about 19 per cent. That austere body of traders claims an £80m turnover, so one can assume that the market is worth well in excess of £15.2m.

The consumer, as yet, does not have much in the way of accessories. The manufacturers—and let us take JVC as an example — classify portable cameras, both monochrome and colour, as accessories since they upgrade a home cassette recorder to a production kit. 1979 will see the introduction of a very competitive set of single-tube colour cameras priced at around £1,000. With them will come the options of short or long camera cable, fixed focal length lens or 6:1 zoom, stop/start cable for videotape recording: and, to finish it off, remote pause control head at the camera.

The Hitachi GP5, the first single tube camera on the UK market, is aimed at the consumer and his VHS, but it could be used elsewhere. Its de luxe version (RRP £910) has many things as standard that more expensive cameras might offer as options. AC adapter, hand grip, 6:1 zoom lens and electronic viewfinder are all part and parcel of the £910. The few accessories that improve the camera's performance are really convenience items. There is a carrying case for £54 and the 4-metre cable can be replaced by a 10-metre one for £45. Having bought the camera you will realise the limitations the current crop of video cassette recorders impose, so for the next development expect a battery-operated portable recorder. What really ought to be done is for a video user to define what is really necessary. If all the video shots you want are more than 10 metres from the recorder Akai, for example, can provide just the product. People should be aware that accessories or extras do not disguise the real performance of a machine.

To prove the above that the more expensive the item the more the options, we can progress further through Hitachi's range. The GP7 camera, which costs less than £2,000, has 21 listed accessories. Several relate to the batteries: you could have a pack contained in the camera head, a battery belt (to go round the operator's waist) and a number of other powering options. There are three lenses, the possibility of using a uni-directional microphone, and so on. The FP 3060, a top performance single tube camera higher up the range, has 16 accessories. The three-tube FP 1020, which as a basic camera head without tubes or lenses would cost £5,800, might require that £13,000 be spent on accessories: the major expenditure here would revolve round the choice of Plumbicon or Saticon tubes.

In the VTR (videotape recorder) market the same applies. A simple ½-inch open reel machine might have one accessory—a dust cover priced at about £60—whereas a U-Matic player (the VP 2030 at £1,090) offers a remote control unit (£70), an RF unit (for connection to a TV set) to fit into the machine (£73) and a stand for the player and receiver to rest on (£75).

The breadth of the accessories business is known to be huge but it is not yet really as competitive as the VCR-VTR market. The consumer market, when it develops, is the more likely to shape up as cut-throat, purely because there will be as many as five cameras to choose from. Industry and the professionals (the broadcasters) tend to operate very much more on a "systems approach." A Michael Cox mixer might well be part of a studio complex along with equipment from another ten companies, but this is not accessory market material because—in professional terms—it is essential.

The competitive element is said not to be strong because if a buyer had one of the Hitachi cameras he would be unlikely to utilise an Ikegami remote pause control. Therefore, it is fair to state that the majority of accessories bought go out to enhance the same brand factored goods. There are specialist companies making enhancement items, such as Acron Video with its sync pulse generators and companies such as Dennard and Cotron in the TV surveillance fields. Taking two companies whose products are truly accessories—Unicol Engineering of Oxford and Dell Technical Vehicles—one can illustrate the true breadth of this market.

Dell: this company is a vehicle coachbuilder and has been so for 20 years. "By accident," according to the company's managing director, Mr. Eldridge, it started making outside broadcast (OB) vehicles about eight years ago, since when it has built over 100. The vast majority of these have been exported. Typical contract times vary from six months, for a series of vehicles for the German ZDF television broadcast company, to 11 days for a single vehicle for the Solomon Isles. All Dell vehicles are custom built. Anyone that wants to make the trip to Companies House can add 95 per cent of Dell's turnover to my figure of £15.2m.

Unicol Engineering: one could not think of anything more different from custom built coaches than equipment stands, brackets and other supports for film and video apparatus. Unicol stands and an Allan key are as ubiquitous to the video engineer as the overhead projector is to education. To provide a complete service, in addition to its modular range of units, Unicol also builds to customer design. Recently it made one for Telejector, the customer having to buy a big quantity but getting an exclusive stand that enhances the performance of its product. Unicol's turnover? Add again to the £15.2m.

Answer

It is possible to rout out dozens of companies that have identified in video a weakness and have then designed the answer in the form of a product. Manufacturing in the UK has grown considerably but in comparison to the big importers and dealers this activity remains in the small bracket.

Of the importers, Survey and General Instruments, a company based at Edenbridge in Kent, is one of the biggest and best respected. Its main line is lenses, an accessory area where it leads. SGI's Fuji lenses will be seen on cameras on all the stands at Video Tradex. Its other product areas are also accessories—back pack supports for VTR's being the best known.

The grey areas around the subject, such as video games, can be seen as gimmicks or novelties and as such can never be useful or essential. The real areas of development will come in new media like teletext. This combines the TV and telephone and has bred its own set of accessories. TV sets, to be approved by the Post Office, have to conform to British Standard 415. An adapter unit for the Post Office's teletext has already been approved, and after the Test Service the Post Office will be spending £23m to set up the service. It would be pushing the importance of our statistic too far to add this lot to the £15.2m.

The consumer will be happy to have his videocassette recorder, 26-inch TV screen, remote control, single tube colour camera and perhaps ten video tapes per annum. Industry will continue to need accessories to better or to change a product's capability.

George Jarrett
Deputy Editor, Audio-Visual

Attractions of the disc

THERE ARE two fundamental problems with videotape: it is difficult and costly to duplicate recordings, and slow to access points along the length of the tape. Videocassette copies have to be duplicated by the laborious process of a real-time transfer to banks of slave machines; and if a user wishes to view a videotape 1½ hours in from the start, a frustrating wait is involved while the tape is wound through at fast speed.

The video disc overcomes these problems. In most systems it can be duplicated from a master disc by die-pressing or injection moulding—just like a conventional production line process. And, as with audio records, any part of the programme is readily accessible—indeed, can be located instantly by an automatic search-and-find electronic facility.

These two advantages continue to make the video disc an attractive proposition, despite the spread of videocassettes and despite the declining cost of videocassette copies. The snag is, of course, that user-recording is not possible on the majority of the known video disc systems. The medium is thus wholly dependent on the availability of pre-programmed discs, just like the hi-fi record market.

If some observers feel frustrated about the premature excitement that has built up over videocassettes, the situation with discs must have turned their brains. Ever since Telefunken and Decca launched their ill-fated TeD system in 1975, the video disc industry has been in a state of stop-go.

The TeD system, which used a stylus and mechanical tracking not unlike an audio record, was the world's first video disc system to become commercially available (if one discounts the Baird system, available in 1935 under the company name of Major Radiovision, but really a novelty yielding very crude results). TeD yielded quite satisfactory pictures, in colour, but with a limited running time of only 10 minutes per disc and a hopelessly limited range of programmes. It flopped, and the failure was almost wholly due to simple marketing problems such as the limited choice of programmes available.

Since then, companies have been announcing rival video disc systems in most corners of the globe—including Poland, Australia, Canada, and of course the U.S., Germany and even the UK. Nearly all exist as only laboratory prototypes: indeed, a few may still be stuck on the drawing board. Interesting systems so far announced include the MDR magnetic disc (which allows user-recordings to be made), the Bosch optical system (designed for broadcast quality replay) and Executronics (an optical system but erasable for re-recording).

Claims

Commercial credibility since the TeD venture has been seriously attributed to only a few of over 40 systems so far identified. These are RCA's capacitance SelectaVision video disc, the Thomson optical system, the Matsushita VISC (similar to TeD), the JVC capacitance VHD technology, and the joint Philips/MCA optical system known as VLP. Of these, however, only Philips/MCA, Thomson and RCA have made any claims to a credible marketing intention—and only these three have demonstrated their players to significant numbers of people.

None the less, RCA seems to have dropped out of the race with their capacitance system, and it has become almost impossible to obtain a clear indication of its future intentions with the video disc. One rumour has it that RCA may well operate with JVC because the latter's VHD system is very similar to RCA's but is alleged to have overcome some of the technical problems in the capacitance system.

Certainly JVC is the dark horse, and it may be planning a surprise for the video disc industry. In the meantime, it is down to Philips/MCA—with its commerical launch scheduled for the U.S. on December 15, 1978—and Thomson in France, which has a player very similar to the Philips VLP. Only Thomson and Philips have actually produced numbers of players, and in the case of the VLP a manufacturing line has been established in the U.S. by Magnavox, the Philips subsidiary.

The Philips/MCA system is optical, which simply means that the signal information comprising the television programme is encoded in spirals on a mirror-surfaced disc and "read" by a photo-diode, which picks up the modulated reflection of a laser beam aimed at the disc. The Thomson system is similar, except that the disc is transparent and the information is recorded as density variations which modulate a beam that passes through the disc.

Both systems have the capacity for rapid access to any part of the programmes, as well as repeat action, fast and slow motion and stop frame. The latter facility is assessed by a keypad controller, with each separate frame code-numbered for precise and instant retrieval. This means that any one of some tens of thousands of pictures (generally about 40,00 per side) may be assessed in fractions of a second—a unique visual information storage system.

A modified version of the Philips/MCA system is being separately produced by MCA in partnership with the Japanese company Pioneer. This player is designed for the industrial and professional market and incorporates many refinements especially designed to improve the information retrieval functions.

Climax

The Department of Defense and other Government agencies in the U.S. are already making use of the Philips/MCA player for some information purposes, even though the system is not yet commercially available. Likewise, it is understood that a few Thomson players are in use for similar purposes—again in the U.S.

The launch of the domestic player next month is unquestionably a nerve-racking climax to years of development work and market planning. That it is happening at all this year owes more to putting a credible face forward than to cool marketing strategies; if the system failed to appear in 1978, after various false starts promised in the last two years, a tide of cynicism would flood the audio-visual press.

Nonetheless, the timing could be hardly worse, with consumers currently warming up to the videocassette boom and in no mood to be offered an alternative product. If the video disc players do become available next month at the promised price of only $600, this may be a slight incentive against the $800 for which heavily discounted videocassette machines are now selling in the U.S.

Yet the video disc has unrivalled attractions, as most will agree who have seen it demonstrated. The quality is superb, it never wears out, it is light and convenient to handle, cheap to duplicate, and there remains that important advantage of single frame access at the touch of a button. Extra sound tracks can be carried and the quality of sound reproduction is of high standard.

John Chittock

ECONOMIC VIEWPOINT

Overheating with 1.4m unemployed

"THOSE WHO believe that we can solve all our problems simply by pumping more money into the economy should look at the motor vehicle industry.

The problem there is not shortage of demand. On the contrary in 1977 car registrations rose by 3 per cent, but the production of cars in Britain actually fell by 6 per cent and sales of British cars fell by 10 per cent.

And in the first nine months of this year when demand for cars in Britain rose by 24 per cent compared with the same period last year, car output rose by only 1 per cent—and that is before the strike at Ford's. Supply is the problem here, as in far too many other industries, not demand."

Who can possibly have had uttered that extremist statement, saying that supply rather than demand is the limit on output? Is it not going a bit far even for Sir Keith Joseph? Does the author not know that there are *nearly* 1.4m registered unemployed? Or is he so mesmerised by monetary targets that he is prepared to countenance the present boomlet petering out without a further stimulus?

In fact it was not Sir Keith Joseph, nor any academic critic of the meaning of the unemployment figures who made *these remarks, but the Chancellor*, Mr. Denis Healey (in Birmingham on November 16). And unfortunately he is right. After a four-year stagnation of output between 1973 and 1977, output has only to start rising again for the economy to run into "overheating." *If* the brakes have now to be put on, it will be because the economy has been unable to stand a rise in output averaging 1 per cent per annum since the last peak of five years ago.

Of course by taking the more usual short-term point of view, the economy seems a good deal better. Indeed, between the first and second halves of this year output is estimated to be rising at an annual rate of 4½ per cent — which makes a genuine boom. Consumer spending is 5½ per cent above a year ago — a rise not seen since the palmiest days of Macmillan's "Never had it so good."

But the size of the boom reflects the concentration of several years' normal expansion into one; and it is extremely clear that the growth of output will be slowing down in the course of 1979. The Treasury and London Business School forecasts together represent a range of 2 to 2½ per cent for the real growth of GNP in the course of 1979. This is somewhat less than the growth of productive capacity (under the new 1975 weights of the GDP index) and thus would lead to a renewed drift to higher unemployment. *I should expect growth* to be higher than in this forecast early in the year, but to be below it later.

The recent boomlet has been fired mainly by a rise in consumer spending. This in turn has been due principally to a remarkable discrepancy between earnings growth of 16 per cent and a rise in the price index of only 8 per cent. The discrepancy reflects the strength of sterling in the face of rising British costs, relative to those of other countries, and could not continue for another year without bankrupting British industry.

The consumer boom also reflects the cuts in taxes and rise in state transfers associated with a rise of more than £2bn in public sector borrowing between 1977-78 and 1978-79 to its present estimated level of £8bn. This fiscal stimulus will not be repeated—if anything it will be reversed. The official forecasts see the PSBR rising to £8½bn by 1979-80, only just keeping pace with the national product. In view of the recent fears about financing the PSBR, a package of fiscal restraints is now more likely than any further stimulus.

Slowdown

These forces making for slowdown are on the demand side. But the important point is that this demand slowdown has to be allowed, indeed encouraged. Why? One can couch the reasons *in terms of the money supply or* the PSBR. But ultimately it is so because the economy is already running into the sort of supply bottlenecks and labour shortages, which previously occurred when unemployment was 500,000 or less.

Unfilled vacancies have doubled over the last two years. Both inflows and outflows into the vacancy register have risen sharply. Before the strike Ford was advertising for production workers; the shortage was not confined to skilled men. In area after area, one is told in response to personal enquiries that performance or delivery is held up by staff shortages. I am *not* saying that the pool of unemployed is mythical. But either they are unsuitable for the work available or the incentives to take the jobs and acquire *required skills are too weak.*

But perhaps the most graphic indicator of overheating is provided not by the Treasury's forecast, but by its estimate of a 11 per cent increase, which has occurred in import *volume*, compared with a 3¼ per cent increase in exports from the second half of 1977 to the second half of 1978. These figures do include North Sea oil; and we have escaped without a major current account deficit mainly because of a sharp improvement in the terms of trade, itself reflecting that unusual and unsustainable strength of sterling in the face of adverse cost trends. Whatever one may *think of his diagnoses and* remedies, Mr. Wynne Godley is certainly right to point out that the first fruits of North Sea oil have been taken out in the form of a consumer and import boom — just what Ministers assured us would not be allowed to happen.

Above all, I cannot believe we should be seeing the present wage push if the demand for labour were really depressed. Part of the push may stem from the inept presentation of official monetary and exchange rate policy, which have been treated by the Government as City technicalities rather used to influence expectations. Even more is due to the predictable wage backlash after three years of attempted tight control. But I am sure that a rising labour market is of key importance.

The most important single sentence of the Treasury forecast is the "policy assumption" that there will be no change in the *effective* sterling rate. There is no reason to take this literally. It would be astonishing if sterling were not a few points *lower a year from now*. But it is clearly government policy to delay and minimise such depreciation so that excessive British wage increases are not fully reflected in sterling depreciation — even outside the European Monetary System.

A tight money supply in the face of rising British labour costs means one thing: a squeeze on profits. In the second quarter of this year there already was a 16½ per cent drop in profits net of stock appreciation, excluding the North Sea. Despite erratic fluctuations, this could well be the pointer to things to come. It is by this means that the overheating will be brought to an end. The profit squeeze will lead to some moderation in earnings, which may rise next year by 10-12 per cent rather than 16 per cent now indicated by the index. But this will not be sufficient to prevent what the *Americans call "a growth* recession" and some reversal of the recent improvement in unemployment is likely, as 1979 proceeds.

Given both the profit outlook and the likely slowdown in final output, it is hardly surprising *that the Treasury expects* manufacturing investment to fall slightly next year. This downturn will be coming after a 1978 increase of 15 per cent, which, however, has not been sufficient to regain the peak previously reached as long ago as 1970.

* * *

Where do we go from here? At the moment we are running a bare current account balance, despite a saving of about £2bn per annum in oil imports, compared with two years ago, and *despite the historically very* high unemployment rates and the very depressed growth rate over the 1973-1978 cycle taken as a whole. And yet manufacturing investment is already levelling off or about to decline.

It is easier to make the criticism than to say what should have been done instead. What other options are there apart from the well-known ones of import controls, with all their familiar snags, or a deliberate devaluation, which is also likely to be counter-productive and highly inflationary? The pumping of more funds into state investment would not be very sensible, when there is a shortage of new *projects* showing anything like a commercial return.

The orthodox approach of a reduction in the PSBR would no doubt be of some slight help to investment by allowing interest rates to fall—although long-term rates of 12 to 13 per cent are not specially high if investors believe that inflation will fluctuate around 10 per cent in the years ahead.

But a much more important contribution could be made by the relaxation—or better abolition—of exchange control on outward investment. If there are not sufficient opportunities for building up income earning assets at home, against the time when North Sea oil revenues level off and decline, overseas assets are a good deal better than nothing.

The choice posed by bodies like the TUC between home and overseas investment is, however, a false one. For so far from being a pure alternative, overseas investment financed in the UK is likely to stimulate home investment too. This is so because the outward flow of *funds across the exchanges* serves to lower the exchange rate *relative to the UK cost levels* and thus to alleviate the squeeze on profit margins discussed above, and to increase the rate of return on UK capital. There could not be a runaway inflation or depreciation so long as the monetary guidelines were held; but for given guidelines there would be a larger gap between costs and prices.

The UK is in any case in default in maintaining its present exchange controls against EEC. *And the Brussels* policy of not pressing Britain on this issue in order to encourage it into the EMS is the *classic mistake of regarding the* exchange rate system as an end—rather than as a means to the freest possible flow of trade and imports. If the British Government really wanted to demonstrate its European good faith, while staying out of EMS, relaxing exchange controls would be the best possible place to begin. But it is only one example of what is necessary to restore an effective capital and labour market.

Samued Brittan

TREASURY ECONOMIC FORECAST

	2nd half 1977 to 2nd half 1978	2nd half 1978 to 2nd half 1979
	percentage changes	
OUTPUT AND EXPENDITURE AT CONSTANT 1975 PRICES		
Gross Domestic Product (at factor cost)	3¼	2
Consumers' expenditure	5½	2¼
General Government expenditure on goods and services	1½	2
Other fixed investment	6	2
of which Private sector manufacturing	15	−2½
Exports of goods and services	3¼	5¼
Stockbuilding (as per cent of DGP)	0	0
Imports of goods and services	11	6½
Manufacturing production	2½	1
BALANCE OF PAYMENTS ON CURRENT ACCOUNT	1978	1979
	£ billion	
1st half	−¼	0
2nd half	0	−½
PUBLIC SECTOR BORROWING REQUIREMENT	1978-79	1979-80
	£ billion	
(percentage of GDP at market prices)	8 (4¼%)	8½ (4¼%)
RETAIL PRICE INDEX	4th quarter 1977 to 4th quarter 1978	4th quarter 1978 to 4th quarter 1979
	percentage changes	
	8	8¼

Source: Supplement to Economic Progress Report, November, 1978.

Letters to the Editor

A slack corset

From Mr. K. Graves

Sir,—Professor Harold Rose's *comments on the supplementary* deposit scheme (the "corset"), quoted by Michael Blanden (Nov. 15) are to be applauded. It has always seemed to me that the September 1971 measures for competition and credit control (CCC) were misconceived, and anomalies have arisen, of which the corset mechanism is one.

CCC, one assumes, should mean what it says; whereas one sees distortions and the use of discriminatory measures against the clearing banks. One feels entitled to ask what became of credit control? Moreover, the corset is applied not to the system as a whole but to individual banks. This is a breach of the principles of CCC.

It is my view that the clearing banks are a convenient whipping boy. They are not unique in their deposit-creating powers; but they are "more unique than the others" — in that they are at the centre of the country's payments mechanism; and it is for them only that most of their deposits remain trapped within the system. At the same time, they see their competition curtailed and innovation impeded. This is the exact opposite of that for which CCC is supposed to stand.

The Bank of England, when launching the corset scheme said: "The arrangement should . . . restrain the pace of monetary expansion . . . without requiring rises in short term interest rates . . . to unacceptable heights." This has not proved to be the case. It is axiomatic that the authorities cannot determine both the money stock and the level of interest rates—and if the money supply target is to be kept, interest rates *must* rise in conditions of high demand for funds. This—rather than the corset—would have choked off loan demands. *Now we have both* the corset and high short-term interest rates. We have again locked the stable door after the horse has bolted.

CCC might be all right when world interest rates are falling; when demand for funds is slack; and when the balance of payments is in comfortable surplus; but when the opposite conditions obtain, it seems to me that CCC is shown up for what it is—a fair weather instrument.

K. T. H. Graves.
259, Teehey Lane,
Bebington, Wirral, Merseyside.

Saving small firms

From Mr. J. Rosenthal.

Sir, — On the same page of last Saturday's edition you carried two articles, one headed "*Liverpool given £2.8m* grant and 750 jobs," and the other headed "Shutdown makes 110 redundant." The latter referred to a Norwich shoe components company which, on the face of your report, is closing down with the loss of 110 jobs, for the sake of £150,000 which it is indicated would be required to save the company.

While there may be hidden factors in the problems confronting the Norwich company which do not appear in your report, the anomaly of these two articles appearing so close together is a sad reflection on the lack of liaison between government departments and the private sector of industry! It will probably cost the taxpayers far more than £150,000 before the problems of the 110 unfortunate people being thrown out of work in Norwich are resolved.

Furthermore, if the reason for the insolvency of that company as stated in your article is correct, being delays in payments for overseas sales, that in itself is an even sadder reflection on the financial guidance and advice *which the company concerned* has received.

There must be some way of getting firms in difficulty together with appropriate sources of advice before it is always too late. Perhaps the Small Firms Information Centres could set up a rescue service?

Jeffrey C. Rosenthal.
6th Floor, Epic House,
Charles Street, Leicester.

Landlords at a disadvantage

From the Conservative Prospective Parliamentary Candidate for Hammersmith North.

Sir,—There is no evidence supporting Mr. H. Spence's assertion (November 16) that the majority of landlords of controlled tenancies are either bodies corporate or bodies wealthy. It is also inaccurate to assume that value necessarily depends upon an actuarial study of the tenant.

Comment of this nature contributes nothing to the well-being of either landlord or tenant. Many co-exist simply to be housed.

The private landlord, in this context, is at considerabe disadvantage in several respects. Landlords' obligations are exacted by one council department regardless of the council's record of satisfaction as a landlord. The watchdog has become a bounddog for the private sector, and a guard dog for the public sector.

Council powers to delay *repairs, postpone maintenance,* mismanage property, move tenants out at short notice, and exploit tenants with one sided contracts far exceed the powers private landlords may exercise.

The plight of tenants (council or private) must be the bench mark for any comparison between landlords in the public and private sectors. Landlords "good" intentions pave more hell on council estates than in the private sector.

Jeremy G. A. Cripps.
54, Fulham High Street, SW6.

Controlled tenancies

From Mr. R. Jensen

Sir,—Mr. Spence (November 16) disputes my assertion that *there are many* impoverished resident old age pensioners among the landlords of the 350,000 or so £1.20/week controlled tenants and, on the basis of his surmise, contends that this group requires no special assistance in dealing with housing disrepair.

I am unaware of any national survey that would validate *either* his view or my own (nor, for that matter, his submission that many such landlords are investment companies and wealthy individuals). I suspect that his assertion is, like mine, based on observation of a limited number of cases with which he has had personal acquaintance and that, therefore, it will be liable to the well-known shortcomings associated with small samples.

The Rent Act of 1957 which precipitated the virtual disappearance of a once buoyant market in unfurnished private lettings caused landlords and tenants who shared the *same* house to be frozen, in very many cases, into joint immobility. The landlord was trapped because the yield on sale (which, as noted by Mr. Spence, can be as little as 25 per cent of vacant possession value) is insufficient to fund the purchase of a property elsewhere and age militates against raising a loan. The tenant, with full security of tenure and a rent permanently *frozen at about £1/week for not* only himself but also two further generations of successors, has a positive disincentive against moving and, in any case, will find extreme difficulty in locating rent accommodation elsewhere. Many pre-1957 tenancies still exist today, with the parties un*changed, the landlord having* become the impoverished old age pensioner described.

I am not convinced that Mr. Spence's speculator / investor landlords, if such species exist, would find the management of controlled tenancies a particularly good home for their funds. Indeed, it occurs to me that these might be inclined to upgrade such premises to regulated tenancies thus removing them from the "controlled" tenancy class (an option beyond the means of the type of landlord identified by me) on the grounds that such a change might not only be an economically viable proposition but that it might also encourage the tenant to seek alternative accommodation.

The "massive" gains on sale with vacant possession claimed by Mr. Spence conveniently overlooks the fact that the landlord will, during the lifetimes of three generations of secured tenants, have almost certainly needed to fund the complete replacement of the original property (out of rent income of about £1/week!). If, after a further contribution to the public coffers at the time of sale, there is still a "profit," it will have been well earned *and give only token recognition* to the invaluable public service rendered by the landlord in having provided virtually rent-free accommodation for three generations. Any gain which eventually accrues will, incidentally, be outside the lifetime of Mr. Spence's speculator landlord who thus will have confounded his critics.

R. Jensen.
11, Stanhope Gardens, N4.

Efficient use of fuel

From the St. Ives Constituency Organiser,
Social Democrat Party

Sir,—I was astonished to read Mr. A. I. Watkinson's letter (November 18) concerning energy requirements and the bus v train argument. I looked up the situation and it would appear to be as follows, a passenger mile uses up to 60 per cent more fuel by bus than by suburban train and a similar passenger mile by car uses about eight times as much fuel as by train. Thus on an energy conservation platform it is unreasonable to advocate the conversion of rail *to road.*

As for oil running out by the end of the century I quote from Oil and Gas journal that showed reserves as at the beginning of 1978 as being 645.8bn barrels of oil. If this is compared with the current production of 23bn barrels per year it tends towards my earlier assertion that the world has but a few years to reorganise its transport requirements before the oil runs out.

It may be that oil is still available in large quantities but certainly it is my belief that in real terms it will be considerably more expensive than at present. My own estimation would be that *the price of a gallon of petrol* could be five-ten times its present cost (in real terms). This would make it too expensive for burning in inefficient internal combustion engines.

I have a belief that the decline in the importance of the private motor car will be matched by a return to favour of the train. This being especially true in the area of long distance travel.

In Mr. Watkinson's letter the final paragraph is completely the opposite of what logically is the best answer. That is to use high price fuel in the most efficient way. For inefficient uses or uses where there are more efficient alternatives then the use of high price fuel cannot be justified.

Chris Tankard.
Plot 93, Torleven Estate,
Porthleven, Helston, Cornwall.

Rails into roads

From Mr. J. Cooper

Sir,—It seems appropriate to acquaint your readers—and reacquaint Mr. Watkinson (November 18) with a few of the findings from our publication "Railways Into Busways Won't Go."

Principally we found that no economic case can be made out for conversion. Advocates of such measures tend to overstate the benefits to be gained yet underestimate the costs.

In the first category come time savings and the value put upon them. Such time savings which might conceivably result from a rail to road conversion are small for individual passengers and whether their aggregation has any value at all is highly debatable.

We also found that the capital cost of conversion was about seven times greater than estimated in Professor Hall and Edward Smith's "Better Use of Rail Ways," which favourably considered the paving over of all Britain's railways.

Using realistic assumptions about costs, no rate of return, either financial or based on social opportunity cost, can achieve the test rate levels usually expected of an infrastructure investment.

Conversion of railways into roads may appeal to the imagination of some but it doesn't stand close scrutiny.

J. C. Cooper
(Research Fellow, Transport Studies Group),
Polytechnic of Central London,
35, Marylebone Road, NW1.

In defence of IATA

From Mr. T. Meredith

Sir,—Just what is the Civil Aeronautics Board *talking about* when it asserts (November 18) that the so-called "rate-fixing" International Air Transport Association procedures are against the public interest? Is this not tantamount to saying that the various approvals given in the past by the U.S. government agency to trans-Atlantic fares *proposed* by the airlines are also against the public interest?

There would appear to be nothing new in the "New IATA" set-up—it would seem that Governments will still have the power to approve or dis-approve any fares and/or rates proposed which refer to routes flying in or out of their airspace! It may well be that in the future Governments will find themselves involved in long negotiations with their designated airlines and those foreign flag carriers flying "in pool" or in co-operation with the home airline. And what about the situation which is bound to arise where the flag carrier of one nation is still a member of the fares and cargo rate-fixing section of IATA while the other, sharing the route, is a member of the trade association section only?

There would seem to be no justification for any change in IATA's structure—in spite of the charges of cartel-type rate fixing which are always being levelled. It is true that in the past many Governments have merely acted *as a "rubber stamp" when con*fronted with fares and rates proposals. It is really Governments who should change their procedures and bring a more realistic attitude to bear on world airline charges.

As Michael Donne says in his article the so-called "hidden" work of IATA is of vital importance. The work of the technical and legal committees enable travellers, mail and cargo to circumnavigate the world by air almost without formality. Each member airline—and many other airlines who are not members but merely subscribe to the IATA clearing house arrangements, will honour reservations written on the "paper" (ticket forms or waybills) of other airlines. The whole accounting procedures of the airlines would collapse without the facility of the clearing house which is used at present by the 112 or so members of IATA plus almost a further 100 airlines who are not members but subscribe to the clearing house. It is difficult to see how a multi-sector fare involving, perhaps, 15 different carriers could be apportioned between the airlines concerned without the clearing house facility whereby the amounts *owed by airlines to each other* are off-set each month—resulting in minimal payments considering the huge amounts involved. I would imagine that IATA would only have to refuse clearing house membership to those airlines who are not members to ensure that every scheduled airline would join!

It would seem that the CAB and other government agencies are making a lot of noise about nothing. Would the by-passing of the IATA traffic conferences alter the fact that it is Governments which have the final word on airline tariffs?

Terence J. Meredith.
(Course Tutor in Travel and Tourism),
Thurrock Management Centre,
Lore Lane,
Aveley,
Essex

Effects of the boycott

From the Chairman,
Anti-Boycott Co-ordinating Committee, Anglo-Israel Chamber of Commerce

Sir,—Your revelation (November 21) that Iraq's boycott of trade with Britain has forced a British manufacturer to cut its workforce by 100 to 835 draws renewed attention to the way such boycotts contribute to unemployment and loss of export business. The Iraqi boycott of Britain isn't the only Arab boy*cott to have these effects: the* Arab boycott of Israel, as applied in the United Kingdom, is having exactly the same results.

It is not merely ironic, but also profoundly disturbing, that the Foreign and Commonwealth Office seems to learn nothing from these strong-arm tactics. At this very moment, the FCO continues to authenticate the boycott-related "negative certificates of origin," documents which the International Chamber of Commerce and Industry in Paris has twice condemned as illegal and discriminatory, and which are now against the law in the USA. The FCO performs this demeaning service for the only Arab state demanding it. That state happens to be Iraq.

Justin A. Kornberg.
8/12 Brook Street, W1

Today's Events

PARLIAMENTARY BUSINESS

House of Commons: Banking Bill, second reading. Motion on the Children and Young Persons Act 1969 (Transitional Modification of Part 1) Order.

House of Lords: Wages Councils Bill (consolidation measure), second reading. Motion to approve Ancillary Dental Workers (Amendment) Regulations 1978. Representation of the People (Armed Forces) Bill, second reading. Motion to approve Distribution of Footwear (Prices) Order 1978. Health and Personal Social Services (Northern Ireland) Order 1978, and Rehabilitation of Offenders (Northern Ireland) Order 1978.

Select Committee—Race Relations and Immigration. Subject: Effects of UK membership of EEC on Race Relations and Immigration. Witnesses: Migrant Action Group. (Room 6, 4 pm).

COMPANY RESULTS

Final dividends: Akroyd and Smithers. Interim dividends: Alfred Dunhill. French Kier Holdings. Powell Duffryn. Redland. Renold. Rothmans International. Interim figures: House of Fraser. Imperial Chemical Industries.

COMPANY MEETINGS

Capseals, 27 Hill Street, W. 12. Gartons, Prince of Wales Hotel, Southport, 11. Oceana Cons., 18 Finsbury Circus, EC, 11. Woodrow Wyatt, 100 Old Broad Street, EC, 11.30.

GENERAL

National Union of Mineworkers' *leaders meet National Coal Board* on pay.

Foreign Ministers meet at Council of Europe, Strasbourg.

Two-day meeting of EEC Transport Ministers opens, Brussels, to discuss safety at sea and aircraft noise.

EEC Fisheries Council starts two-day meeting in Brussels

OFFICIAL STATISTICS

Car and commercial vehicle production (October final); capital expenditure by the manufacturing, distributive and service industries (3rd quarter provisional); manufacturers' and distributors' stocks (3rd quarter provisional); bricks and cement production (October)

COMPANY NEWS

Courtaulds static first half—export margins cut

SLUGGISH WORLD trading conditions and a cut in export margins have left first half 1978-79 pre-tax profits of **Courtaulds** virtually unchanged at £27.4m compared with £27.9m. Over the last four years profits of this major manufacturer of man-made fibres, textiles and chemicals etc. have fallen by more than half from £120.7m to £58.7m in 1977-78.

For the second half of the year results are expected to show an improvement over the comparable period of 1977-78 when a pre-tax *profit of £25.8m was achieved.*

Total sales in the first half of 1978-79 showed a rise from £786.2m to £807.1m. Within this sales to UK customers rose from £578m to £601.5m while exports from the UK were little changed at £206m against £208.1m.

The directors report that worldwide trading conditions have remained sluggish during the period. Margins on exports have been eroded by the reduced competitiveness of sterling particularly against the U.S. dollar. Trading results have been adversely affected by this more than by any other factor. However in the UK, there has been an improvement in trading conditions resulting in a "modest increase" in operating margins.

An interim dividend of 2.6889p is declared (2.408p). In addition there is 0.076p on account of 1977-78 bringing the total for that year up to 7.5659p.

Results of **International Paint Company**, a subsidiary, show sales marginally higher at £114.24m (£111.85m) and profits, before tax, unchanged at £10.3m against £10.2m. Net attributable profits came through at £5.85m (£5.29m).

The interim dividend is raised from 0.69p to 0.76p net—the total for 1977-78 was 2.20p paid from profits of £19.28m.

The majority of the company's profits are earned in currencies *other than sterling.* Due to the strengthening of sterling, the sales to external customers are £5.5m less and the trading profit is £870,000 less than they would have been if the exchange rates at *September 30, 1977,* had been used.

Extraordinary items and changes in the sterling value of overseas net assets will be dealt with in the year-end accounts. At the exchange rates applicable at September 30, 1978, there was a deficit of £600,000 arising from the restatement of the group's opening net assets other than fixed assets.

See Lex

HIGHLIGHTS

Lex looks at the half-time results from **Courtaulds** where pre-tax profits are virtually unchanged, but the current six months are likely to produce better figures. **Tesco** reports its half-year figures, showing a 34 per cent jump in reported profits to £13.8m and volume gains of between 10 and 12 per cent. Finally Lex appraises the prospects for the two new "taps" where dealings start today. Elsewhere, **MK Electric** shows good profits growth—20 per cent at the pre-tax level *excluding the Ega acquisition*—and **Associated Newspapers** is ahead by 27 per cent. **Edgar Allen's** 49 per cent downturn in profits was widely expected and the shares held their own, while at **John Folkes Hefo** pre-tax profits are also down but the trend is upwards against the previous six months.

46% leap for MK Electric

PRE-TAX profits of **MK Electric Holdings** jumped by 46 per cent from £2.06m to £2.89m in the half year to September 30, 1978. Turnover increased by 68 per cent to £26.09m.

The directors say that in the UK the large volume of sales and orders experienced by all parts of the group in the first six months is continuing. The growth trend in exports and sales by overseas companies is being maintained.

The electrical accessories group is raising the interim dividend from 3.0p to 3.3p net per share. For the year ended April 1, 1978, dividends totalled 5.89p per share.

paid from profits of £5.95m.

Results for the half year include Ega Holdings acquired on November 7 last year.

Earnings per 25p ordinary share are shown to be up from 15.81p to 16.25p.

The taxation charge is based on the estimated effective rate of 36 per cent for the 52 weeks to March 31, 1979. The comparative figure has been restated using the effective tax rate of 29 per cent charged in the account 1977-78.

Pre-tax profits for the half-year, adjusted for inflation on the basis adopted in the accounts for the year 1977-78, is £2.73m, against £1.52m.

● comment

Excluding Ega—the new acquisition—*MK Electric's profits* are a fifth higher, thanks to a sharp increase in sales volume. The improvement, which is spread throughout the group, reflects a more buoyant market for electric plugs and sockets. In the UK this is being provided mainly by the home refurbishing market (40 per cent of group sales) while building projects in the Middle East and South East Asia have helped boost overseas volume sales by 20 per cent, much of this through increased market share. exports now account for 23 per cent of group sales, compared with 18 per cent last time. Elsewhere, Ega's range of complementary products is proving a useful addition to the group's range and that company now accounts for almost 18 per cent of overall profits. Meanwhile, margins, hit by strikes in the second half of last year, are gradually *moving upwards again.* However, there is still some way to go to close the four point gap in order to achieve the record 19.2 per cent margin of 1976-77. The continuing growth in the second half puts the group on target for around £5.5m for the year, which gives the shares, at 215p, a prospective p/e of 7.8 (fully taxed) and a *yield of 4.6 per cent.*

Checkout boosts Tesco to £13.8m midway

THE CHECKOUT policy of price cuts proved successful for **Tesco Stores (Holdings)**, the supermarket group, and the current year should be one of "record profitability." And holders are offered the prospect of a larger than normal dividend increase.

In the 24 weeks ended August 12, 1978, turnover jumped by 33.82 per cent to £529.91m. Pre-tax profits come through 34.18 per cent ahead at £13.79m, representing a maintained net margin of 2.60 per cent.

A direct comparison with the period prior to the launch of Checkout shows a sales jump of 43 per cent, while a comparison with the latter part of the half year, when Checkout was in operation in both periods, reveals a sales rise of 23 per cent.

The directors describe the margin achievement as particularly satisfactory as substantial costs were absorbed in the period arising from the opening of eight new stores. These stores provided an extra 334 sq ft of net selling area.

	24 weeks 1978 £000	1977 £000
Turnover	529,903	395,991
VAT	13,648	10,506
Profit before interest	13,264	9,737
Net interest receivable	531	544
Profit before tax	**13,795**	**10,281**
Taxation	2,160	—
Net profit	11,635	10,281
Dividend	2,494	[illegible]
Retained	9,141	[illegible]

By the end of the year a further eight stores will have been opened which together with extensions will increase the total new store selling area for the year by over 800,000 sq ft. During the period 33 small units were closed.

The directors say that they are highly satisfied with the current trading performance and anticipate that the budgeted profit will be exceeded. This will ensure that the year will be one of record profitability.

The interim dividend is being raised from 0.7064p to 0.7888p. The directors state that the final to be recommended will take account of the recent legislation relating to the relaxation of dividend control. For 1977-78 the *total was 1.6297p paid from profits* of £28.5m—this represented a reduction of £1.63m on the previous year.

The directors consider that based on current forecasts no deferred tax provision will be necessary for either capital allowances or stock appreciation relief. It is also considered that the *deferred tax provided for the 32* weeks to February 25, 1978, will not be required.

Mr. Leslie Porter, chairman of Tesco, seen outside his company's latest superstore at Pitsea, in Essex.

ACCEPTANCE AT CLUFF OIL

In connection with the rights issue of 682,398 units of convertible "A" *shares and income* warrants at 410p per share — to raise £2.7m — Cluff Oil announces that acceptances have been received in respect of 566,037 (83 per cent) units of which 252,721 units were placed with certain institutions by Panmure Gordon and Co., the company's stockbrokers.

The balance of 116,361 units will be taken up by the *underwriters.*

Folkes Hefo drops to £1.5m at half-time

AS FOREWARNED at its last annual meeting, pre-tax profits of **John Folkes Hefo**, the Midlands engineering group, fell from £1.95m to £1.51m for the first half of 1978.

Turnover was marginally better at £31.8m against £31.6m, but margins were down from 6.16 per *cent to 4.75 per cent.*

However, profits and margins represent an improvement over second half 1977 figures of £1.12m and 3.35 per cent respectively.

The directors say this trend is continuing in the second half of 1978, with the forging and housing units contributing to profit, and is likely to continue in 1979 when the building supplies division should also be earning profits.

All eight units will then be making profits as in the first half of 1977, they state.

The interim dividend is stepped up from 0.4p to 0.44p net per 5p share and the directors expect *to recommend the maximum permitted final*—last year's final was 0.984778p.

After tax of £786,000 (£1,012,000) half-yearly net profits dropped from £933,000 to £725,000. The interim payment absorbs £203,885 (£172,988).

The directors point out that when the position for the full year is capable of assessment, it is probable that tax provision will be reduced due to deferred tax being treated as a reserve.

● comment

Although pre-tax profits are 22 per cent down and net margins almost one and a half points lower, *the market found a little comfort* from **John Folkes Hefo's** results and the shares ended the day 1p higher at 23p. This seems justified since the trend from last year's second half, largely unaffected by seasonal factors, is clearly upwards. Many of the recent difficulties have apparently been sorted out and even if the final outcome is unlikely to work out at more than £3.5m, the recovery should be more fully felt in the subsequent period. Heavy forgings has been the group's weakest area and this time the *forgings division* only broke even, compared with a previous best of around £2m. New equipment and slightly better demand have lately helped but the sector is still uninspiring. Housing is back into profits, though prices have slowed down and the mortgage rate is unhelpfully high. Meanwhile, orders for the previously dull and troubled building supplies side are now improving. Elsewhere, the bright drawn steel activities, thanks to some recent advanced equipment and new orders overseas, are currently the flagship. Much *depends, however, on the return* to health of heavy forgings which will release potential at the lighter end. At 23½p the shares are on a prospective fully taxed p/e of 6.4 and a yield of just under 10 per cent.

Advance for Monks Investment

EARNINGS OF **Monks Investment Trust** rose by 18 per cent in the half year to October 31, 1978. The directors expect earnings for the whole year to be more than the previous year — but not by as much as 18 per cent.

Total income in the half year rose from £1.44m to £1.84m. Pre-tax revenue was £1.37m, against £1.14m, after deducting management expenses of £80,387 (£76,312) and interest of £383,024 (£230,437). Tax increased from £494,263 to £619,893.

The interim dividend is pegged at 0.6p net. Earnings per 25p ordinary share are shown up from 0.83p to 0.97p. Net asset value per ordinary share, after deducting prior charges at par, is shown as 64p, against 62.2p.

Assd. Newspapers up but warns on second half

ON TURNOVER well ahead from £74.88m to £86.91m taxable profits of **Associated Newspapers Group** for the half year ended September 30, 1978, rose from £7.26m to £9.21m. In the previous year the group achieved record profits of £15.48m on turnover of £156.8m.

The directors say that current wage applications, which are in excess of the Government guidelines, may adversely affect group results for the second half.

Earnings are shown as 12.4p per 25p share for the first half, against 10.7p. The interim dividend of 2.034p includes 0.059p for 1977-78 on the *reduction in ACT*—last year's comparative figure was 1.852p and the final payment 3.958p.

The attributable earnings of the group, which is controlled by Daily Mail and General Trust, came out at £3.78m (£3.27m), after tax £5.34m (£3.93m) and minorities £91,000 (£60,000). The dividend absorbed £819,000 (£561,000).

Following the end of the half *year the group disposed of its 51* per cent stake in Associated Restaurants. This item will be dealt with in the accounts for the full year.

● comment

The 27 per cent increase in pre-tax profits at **Associated Newspapers** is in line with market expectations. Although little detail on the breakdown is available it appears to be coming from the provincial newspaper operations and from the increase in North Sea oil production at the Argyll field. Latest industry figures show that classified and display advertising in the second quarter of this year was well ahead of last *year, particularly in the provinces.* Associated has a good spread of provincials that would have benefited from the trend. After minimal flows in the opening months, production at Argyll has been running at around 25,000 barrels a day since about June. Elsewhere, the 1p increase in the cover price of the Daily Mail will add around £4m in a full year and provide a useful addition to revenue in the current year. But the position at the Evening News, which has been a significant loss-maker, is difficult to determine. This, together with a comment by the company that wage applications may have adverse effects on second-half results suggests that the £20m full-year estimate *by City analysts may be a bit* high. The shares closed at 188p giving a prospective p/e of 6 and a *yield of 5.1 per cent.*

£76,485 rise at General Stockholders

The directors of **General Stockholders Investment Trust** report profits of £258,025 for the year ended October 31, 1978, against £181,543, after all charges including tax of £152,847 compared with £117,658.

Earnings are given as 2.8p (1.84p) per 12½p share, and, as already known, the dividend for the year was increased from 1.7p to 2.3p net.

SCOTTISH EQUITABLE

Scottish Equitable Life Assurance Society is the latest life company to take advantage of the recent rise in interest rates and improve its annuity rates.

The company has lifted its immediate annuity rates by an across the board £4 per annum for each £1,000 of purchase money. Thus a man aged 65 could *now secure for an investment of* £10,000 an annuity of £1,662 per annum payable in half-yearly instalments.

The company has also improved its temporary annuity rates, a similar investment would secure an annuity of £1,838 per annum payable in monthly instalments over 10 years or until an earlier death.

JCG accounts carry heavy qualifications

Auditors of J.C.E.G., the construction equipment group, have qualified heavily the group's accounts.

The auditors, Burne Phillips, say that a comparison of the aggregate cost and depreciated values of hiring plant physically *in the ownership of Johnson* Machinery (Scotland), a group subsidiary, with the amounts shown in the books of that company at March 3, 1977, "revealed discrepancies of £75,216 which have been dealt with as a prior year adjustment."

Burne Phillips continues: "In *the absence of detailed records* for prior years, no satisfactory explanation for these discrepancies has been found."

Moreover, the accounting records of this subsidiary maintained during the year were incomplete, "contained significant inaccuracies and did not comply with the requirements of the Companies Acts 1948 and 1976."

The auditors say that the total group trading loss for the year of £123,382 is stated after charging "in the accounts of Johnson Machinery £23,624 in respect of travelling and subsistence, general administrative expenses and payments to employees. In the absence of sufficient documentary evidence to support the payments constituting this total we have been unable to satisfy ourselves as to their validity. Proper accounting records in respect of this expenditure have not been kept in compliance with the Companies Acts 1948 and 1976."

The group chairman, Mr. B. E. *Dearden, says in his review that* the "weakness in certain accounting procedures at Johnson Machinery referred to by the auditors was corrected immediately on discovery."

J.C.E.G. said yesterday that it was still taking legal advice on the problem. "But we think it is a technical matter rather than anything else," it added.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Edgar Allen Balfour	int.	1.2	Jan. 30	1.2	—	4.33
Assocd. News	int.	2.03‡	Feb. 2	1.85	—	5.81
Bulmer and Lumb	int.	1.5	Jan. 2	1.36	—	3.13§
Century Oils	int.	0.61	Jan. 9	0.55	—	2.03
Cocksedge Holdings	int.	0.88	Dec. 16	0.83	—	3.79
Colmore Investments	int.	1	Jan. 17	1	—	2.4
J. Folkes Hefo	int.	0.44	Jan. 19	0.4	—	1.38
Milbury	int.	1.34	Jan. 5	0.75*†	—	2.4*
MK Electric	int.	3.3	Jan. 12	3.0	—	5.80
Monks Invest. Tst.	int.	0.6	Feb. 1	0.6	—	1.6
Palabora	3rd int.	17.5¶	Dec. 20	7.5	—	45
Tesco	int.	0.79	Mar. 1	0.71	—	1.63
Intl. Paint	int.	0.76	—	0.69	—	2.20
Courtaulds	int.	2.69	Jan. 12	2.41	—	7.57‖

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes additional 0.059p for 1977-78. § Includes additional 0.02647p for 1977-78. ¶ South African cents throughout. ‖ Includes additional 0.076p for 1977-78.

ISSUE NEWS

David Dixon £0.3m rights

Textile group, *David Dixon and* **Son Holdings**, is proposing to raise £311,000 by a one-for-four rights issue at 93p each. In the market Dixon's shares rose 2p to 114p.

Barclays Merchant Bank has underwritten the issue.

The funds are being raised to cover capital expenditure, and, if any opportunity arises, to enable the company to make further selective investments in areas relating to its existing operations.

The directors have already announced an interim dividend of 1.1p per share and it is their intention to raise that to 1.7755p. In the absence of *unforeseen* circumstances they intend to recommend a final for the current year of 3.5577p giving a total of 5.3332p—an increase of 43 per cent over last year.

As current dividend restrictions expire on July 31 next, and the final dividend for the current year will not be declared until after that date, no Treasury approval has been necessary.

In the six months to September 30 last, turnover increased by 24.4 per cent to £5.5m and pre-tax profits moved ahead by 80.6 per cent to £365,000.

All operating subsidiaries are currently performing well and *demand for their products* is good. The directors are, therefore confident that the results for the *current year ending March 31,* 1979 should prove to be extremely satisfactory.

Brokers are Tilling and Co.

● comment

Dixon is spending £4m on new machinery in the next twelve months and though the company is riding along on peak profits with the resulting boost in cash flow, increased working capital is soaking up a fair slice of the cash being generated. On top of that Dixon is looking at an acquisition, so the rights is obviously made with an eye to some cash spending on that front. Meantime the profits progress is impressive. The reorganisation of a couple of years back, plus the better conditions in the woollen industry, is making a significant impact. However this company has had rather a disturbing past. There was the problems of Bank Bridge, which had a substantial stake but owed the company over £700,000. And there has been coming and goings in the league of substantial shareholders, including a fleeting holding by Mr. Malcolm Horsman, and ex-chairman, Mr. Ronald Palfreyman, still holds a substantial number of shares. The shares are very near their high at 114p and it needs a jump in the dividend —*giving an ex-rights yield of 7.2* per cent—to help the issue on its way.

Harris Queensway offer

UNDERWRITING HAS been completed *for an offer for sale by* County Bank of 5m shares in Harris Queensway, the carpets and furniture retailing group.

The 20p shares will be offered to the public next Monday at a price of 155p each. On that basis the group will have a market capitalisation of £23.25m.

Harris was founded some 20 years ago by its present chairman, Mr. Phil Harris. In recent years there has been a rapid expansion in the number of shops and in July 1977 Harris acquired the troubled Queensway Discount Warehouses company.

Brokers to the issue are L. Messel and Co. at a price of 97p and it is ex*pected that* dealings will commence on November 28. No listing is being sought for the ordinary share capital.

Dividends are payable half-yearly at the end of February and August. The first dividend of 2.78p a share will be payable on February 28.

In the year to May 31, 1978, Seascope reported trading income of £4.4m and pre-tax profits of £1,736,000. Attributable profit (after tax and extraordinary items) was £751,000 and shareholders' funds, before deducting goodwill of £490,000, were £1,857,000.

SEASCOPE PREF. LISTING

SEASCOPE HOLDINGS, the insurance broking, ship broking and leasing equipment group, has applied for a listing of 1,000,251 10½ per cent cumulative preference shares following shareholders' approval of a reorganisation of the share capital.

A total of 902,738 of the shares have been placed by Morgan Grenfell through Cazenove and

COLNE VALLEY OVERSUBSCRIBED

The issue of £3.5m of 9 per cent redeemable preference stock by Colne Valley Water attracted applications for £11,030,100 of stock.

Lowest price to receive a partial allotment was £99.28 and the average price was £99.44—the minimum was £98 per cent.

Dealings start today. Brokers to the issue were Seymour Pierce and Co.

Allen Balfour slumps after £529,000 steel losses

A LOSS of £529,000 on the special steels operations pulled down Edgar Allen Balfour's pre-tax profits from £1.08m to £553,000 in the half year to the end of September, 1978. The company has taken action to cut the losses.

External sales went up from £29.32m to £31.73m.

Mr. J. D. Oakley, chairman, says the group's major problem, in its special steels activities, arises from serious over capacity in steel making in Western Europe and from price cutting by overseas competitors, especially in the UK market.

He adds that in June this year the group took action to reduce steelmaking capacity and prune costs. These moves with the cost savings from the new GFM long forging machine have stemmed the heavy losses.

The loss made by the special steels side, compared with a pre-tax profit of £232,000 last time, included £189,000 voluntary redundancy costs.

Mr. Oakley adds that in the forging and castings activities, orders for forgings are benefiting from the upturn in demand from the aerospace industry which makes the new Davy Loewy press shortly to be commissioned at George Turton Platts and Co. a well-timed investment. But a serious shortage of short-term orders in the forgings and steel castings industries is likely to affect the second-half performance of these operations.

The forgings and castings operations turned in half-time profits of £249,000, against £305,000.

Engineering order books, including tools, are slightly higher in total than six months ago, says Mr. Oakley. But he points out that competitive trading has led to considerable strain on profit margins. This side increased its mid-term profits from £101,000 to £583,000.

Mr. Oakley states that profitability overseas will be lower in the second half due to normal seasonal trading fluctuations in Australasia. Overseas operations brought in pre-tax profits of £390,000, against £457,000. He adds that the new Hong Kong subsidiary is still unprofitable and is making slower progress than expected.

	Six months 1978 £000	1977 £000
External sales	31,731	29,321
Operating profit	1,381	1,795
Interest	981	860
Associates' share	17	75
Profit on sales fixed assets	136	57
Pre-tax profit	553	1,080
Tax	256	406
Net profit	297	674
Minorities	1	9
Preference dividends	5	6
Attributable	289	657
Exchange losses	136	28
Extraordinary debits	[illegible]	71
Ordinary dividends	227	227
From reserves	107	381

* Loss on sale of shares in subsidiary. † Reorganisation, etc. expenses. ‡ To reserves.

During the first half the UK group had an adverse cash flow of £1.6m, and bank borrowings reached their highest in July. Bank overdrafts are shown at £5.68m, against £2.76m as at April 1, 1978.

Mr. Oakley says measures taken to reduce working capital levels and capital spending are taking effect and a positive cash flow has been re-established. This will to some extent offset the effect of higher interest rates on profitability.

The dividend is held at 1.2p net. Last year the total was 4.33p. Earnings per 25p share are shown down from 3.3p to 1.5p.

● comment

The market was prepared for bad results so Edgar Allen Balfour's 49 per cent downturn in first-half profits came as no surprise. With the exception of the engineering side, which is benefiting from a reorganisation programme, margins have been kept under pressure by chronic overcapacity, particularly in special steels, which has suffered a £0.76m turnround to losses. Here, the position might have been even worse had not the company installed the new GFM equipment, a labour-saving machine that has reduced capacity to a level more in line with demand. But, with national demand only at 40 per cent of the 1973 level, the outlook for special steels is not encouraging, especially as the company needs a 15 per cent price rise (highly unlikely in the short term) to obtain a reasonable return on capital employed. However, losses have been stemmed and, with continuing support from a growing engineering activity, around £1.5m for the group should be attainable for the full year, against £2.48m last time. At this level, the fully taxed prospective p/e is 15.5 at 57p while the yield, assuming a maintained dividend, of 11.6 per cent, would not be covered.

Progress for Century Oils

RESULTING MAINLY from an improved performance in overseas operations and the introduction of new product lines, sales of Century Oils Group rose more than 10 per cent to £10.53m for the half year to September 30, 1978, while pre-tax profits were up £152,000 to £587,000.

The directors feel the results are satisfactory in the context of the lubricant industry's difficult trading conditions, particularly as the company had been unable to increase its prices since June, 1977.

Price increases have, however, been implemented since the half-year end, which should result in a satisfactory increase in full-year profits, they say.

For the whole of the previous year, a taxable surplus of £1.15m was achieved.

From half-yearly earnings of 4.44p (4.12p) per 10p share, the interim dividend is raised from 0.55p to 0.605p net—the 1977-78 final was 2.0847p.

	Half year £000	£000
Sales	10,525	9,519
Trading profit	678	557
Interest	91	122
Profit before tax	587	435
Tax	209	84
Net profit	378	351
Extraordinary debit	—	7
Attributable	378	344
Dividends	54	49
Retained	324	295

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims — Allied Leather Industries, Armour Trust, Prudential Capital and Counties Property, Chesterfield Properties, Dartmouth Investments, Alfred Dunhill, Exchange Telegraph, French Kier, Amos Hinton, Lewis Int. Ests., Thomas Locker, National Carbonising, Pauls and Whites, Powell Duffryn, Redland, Renold, Rothmans International, Tunnel Holdings, Wheeler's Restaurants.

Finals—Akroyd and Smithers, Anglo American Corporation of South Africa, Brockhouse, M. J. Gleeson (Contractors), Messina (Transvaal) Development, Proprietors of Hay's Wharf, Scottish Investment Trust, Stocklake.

FUTURE DATES

Interims—	
Anglo-Swiss	Nov. 24
British Building and Engineering Appliances	Dec. 7
Carclo Engineering	Dec. 11
Churchbury Estates	Dec. 7
English and Overseas Invests.	Nov. 28
Hall (Matthew)	Dec. 4
M and G Second Dual Trust	Nov. 29
Moss (Robert)	Nov. 28
Sanders	Nov. 30
Suter Electrical	Nov. 27
Watson (R. K.)	Nov. 27
Final—	
Ellison and Robbins	Dec. 6

Wolseley-Hughes spends but cuts borrowings

After paying £1.8m for the purchase of P. J. Parmiter and Sons and financing a capital expenditure programme higher than ever before, net borrowings of Wolseley-Hughes at July 31, 1978, were reduced by £0.54m to stand at £7.04m.

This represents 24.3 per cent (30.2 per cent) of shareholders' funds. The directors point out that owing to the seasonal nature of the business there are large fluctuations in its cash requirement which are covered by normal overdraft facilities and short term borrowing.

Net current assets show a rise from £20.6m to £25.25m. Stocks are up from 29.74m to £34.08m while bank overdrafts and short term loans total £5.31m (£5.83m).

Group pre-tax profits in the year ended July 1978, jumped from £6.27m to £9.07m. Exports were a record at £10.89m showing a rise of 50 per cent over last year, which represented 30 per cent (27.5 per cent) of the group's home manufacturing turnover. The total has been enhanced by significant shipments to the Middle East.

Wolseley-Hughes Merchants again had a good year and increased sales by 34 per cent. This company is forecasting further progress but the results will be dictated by the availability of supplies.

In the agricultural and gardening division, a long season of improved consumer demand and of near-perfect growing conditions throughout Europe enabled Wolseley Webb to show a considerable increase in sales and profits in both home and export markets. Given appropriate weather conditions, the company should be able to increase still further sales and profits.

Meeting, Droitwich (Worcs.), December 15 at 2.30 pm.

Bulmer & Lumb sees little change

PRE-TAX profits of Bulmer and Lumb (Holdings) went ahead from £700,573 to £876,480 for the half year to October 8, 1978, helped by £15,950 interest receivable against interest paid last time of £74,668.

Mr. J. H. Nunnerley, chairman, states that trade in the early months of the period was satisfactory, but the momentum has not been maintained. He adds that provided there is no further deterioration in trade, the directors anticipate that group profits for the full year will not differ to any material extent from the £2.19m record obtained in the 1977-78 year.

Turnover for the six months was £14.53m, compared with £13.92m, and profits were subject to tax of £460,000 (£366,000). Earnings are shown at 4.83p (3.88p) per 20p share and the net interim is increased to 1.49737p (1.36125p); also announced is an additional 0.02647p for the previous year on the reduction in ACT.

Bulmer is a worsted spinning concern.

	Half year 1978 £	1977 £
Turnover	14,529,210	13,919,110
Trading profit	1,032,733	938,503
Interest receivable	15,950	*74,668
Depreciation	172,203	161,267
Profit before tax	876,480	700,573
Tax	460,000	366,000
Net profit	416,480	334,573
Preference dividends	1,750	1,750
Interim ordinary	128,510	116,828
Additional dividends	2,272	2,420

* Payable. † On previous year's final.

Hepworth turnover up 23%—expanding selling space

The current year at J. Hepworth and Sons shows a continuation of last year's trends, Mr. E. Chadwick, the chairman, tells members in his annual statement.

To date turnover is up by 23 per cent on last year, and he says the directors may look to the year with reasonable grounds for confidence.

As reported on November 1 record sales and profits were achieved in the August 31, 1978, year. Profits jumped 47 per cent to £5.23m and turnover rose 23 per cent to £42.62m. The dividend is effectively raised from 2.091p to the maximum permitted 2.54p net, with a 1.82p final.

Mr. Chadwick says the biggest area of physical growth is the alterations to shops by converting deep window arcades into selling space. During the year selling space was increased by 17,000 sq ft and a further 20,000 sq ft is planned in the current year. These developments will be equivalent to 35 shops, he adds.

One of the company's medium-term loan facilities has been re-negotiated to permit an increased level of borrowing which will allow the directors to continue to fund the growth in merchandise inventories, customer credit, the property portfolio, and to maintain overall liquidity. Mr. Chadwick says: "All in all cash is no problem."

At the year end Hepworth had four shops in Debenhams stores and the directors have plans to open up to 30 as quickly as possible. Three new shops have been opened, and four others have been substituted on improved sites. At the year end trading outlets totalled 349.

Profit, before tax, as against book value, on sale of properties in the year was £1.13m, and further property sales contracted since August 31 show profits, as against valuation, of £685,000, and as against cost of £2m.

In their report the directors state that the value of freehold and long leasehold land and buildings exceeds the £40.16m in the balance sheet by some £8m.

Meeting, Leeds, December 13 at 11.15 am.

Milbury more than doubled

HELPED BY a significant increase in margins Milbury, a Saint Piran subsidiary, more than doubled taxable profit from £267,055 to £557,871 in the half year to the end of September 1978. Turnover by the company, whose main activity is housing development, climbed £1.85m to £4.53m.

Trading is at a record level and the group's land bank has been replenished by additional purchases of prime land. Prospects for the remainder of the year look satisfactory, subject to any effects of the recent rises in interest rates, the directors state.

Tax took £32,659 (£15,295) leaving net profit ahead from £251,760 to £525,212 lifting earnings per 25p share to 10.61p (6.36p) on capital increased by rights and scrip issues.

The net interim dividend is effectively raised to 1.34p (0.75p). Previous interim payments have been equal to half the final. This time the payments are to be equalised based on interim results and anticipated profit for the year. For 1977-78 an adjusted 1.65p final was paid from record profit of £0.6m.

Retained surplus for the half year was £456,905 (£222,070).

A professional valuation of land held and being developed at half time produced a £1.72m excess over book value. This is not being incorporated into the accounts, the directors say.

Johnson and Barnes loss increases

With turnover lower at £1,574,596 against £2,145,062, Johnson and Barnes, maker of knitted outerwear, reports a pre-tax loss increased from £24,186 to £65,066 for the year to June 30, 1978, in the current 18 months' period.

As already announced, the company's current financial period has been extended to coincide with the accounting date of its holding company, Grand Central Investment Holdings.

The directors report that the company's rationalisation programme has been completed and its policy of increasing sales outlets has proceeded with some success.

In consequence, productivity has increased and average margins are improving.

The pre-tax result included £53,003 (£2,252) profit arising on disposal of plant and machinery, £206,380 (£12,050) temporary employment subsidy received and extraordinary items, and a £5,550 surplus last time on the disposal of freehold property.

However, the deficit was struck after a loss due to the closure of Azet International amounting to £173,454 (nil).

After a tax charge of £1,700 (£1,273) net loss for the period was £66,766 against £25,459. Again no dividend is payable.

Cocksedge steady at halfway stage

PROFITS of Cocksedge (Holdings) were steady for the half year to September 30, 1978. The structural and mechanical engineers and steel stockholders turned in pre-tax profits of £298,344, against £298,240, on turnover down slightly from £2.88m to £2.81m.

The interim dividend is raised from 0.825p to 0.8825p net. Last year's total was 3.79p from pre-tax profits of £604,000.

Tax at the halfway stage took £135,000 (£90,000).

McKechnie Bros. confident

THE UPTURN in second half profits seen in 1977-78 at McKechnie Brothers has given the directors encouragement for the current year, says Mr. C. C. Taylor, the chairman.

After a depressed first half taxable earnings in the second six months of the year to July 31, 1978, advanced to £8.79m (£7.48m) giving a full-time surplus at £14.75m (£15.79m)—as reported October 27. The net dividend is raised to 5.53p (4.95p) per 25p share.

On a current cost basis, along the Hyde guidelines, profit is cut to £10.49m, by additional depreciation of £2.98m and extra cost of sales of £1.67m less a £0.34m gearing adjustment.

Net liquidity at year end was down £3.14m compared to a £1.38m decrease a year earlier. Cash and bank balances were lower at £202,000 (£2.35m) and the amount due to bankers was up from £3.81m to £6.63m. Capital commitments amounted to £8.7m (£5.57m) of which £4.3m (£4.4m) had been authorised but not contracted.

Sales and operating profit analysis shows: UK, metals and chemicals £57.6m (£62m) and £4.6m (£6.7m); plastics and consumer goods £29.9m (£15.3m) and £1.9m (£0.8m); South Africa £53.8m (£55.6m) and £4.3m (£5.8m); and New Zealand/Australia £14.4m (£17.7m) and £1.1m (£1.5m).

The percentage contribution to net profit was split as to UK 64 (53); South Africa 23 (30) and New Zealand/Australia 13 (17).

Acquisitions during the year took nearly £4m and a similar amount was spent on fixed assets within the UK group. The company was well able to cover this spending within its own resources, the chairman says.

Since the end of July the group has bought the Simplifix Couplings business and La Cornubia SA in Bordeaux, which complements the copper sulphate business of McKechnie Chemicals.

There was heavy spending on plant improvement in New Zealand and Australia by the group in 1977/78.

GALLIFORD BRINDLE

At the annual meeting of Galliford Brindley, Mr. Peter Brindley, chairman, said a sound start had been made in the current year and another satisfactory full-term result anticipated.

Albert Fisher depressed at 15 months

An exceptional loss of £35,198, on discontinued activities cut available profit at Albert Fisher Group to £15,984 for the 15 months to August 31, 1978. For the previous 12 months the surplus was £52,597.

Sales by the group, which wholesales fruit and vegetables and is a motor repairer, were £3.43m (£3.64m).

The result was after a tax credit of £3,256 (debit £46,231) and extraordinary credits of £10,963 (£11,956). Earnings per 5p share are stated at 0.13p (1.02p).

At the six months stage, taxable earnings were ahead to £50,318 (£46,331). The directors said in January that prices over a wide range of products had been falling but this had been compensated by higher sales. Progress of this order was being maintained and indications were towards another successful year.

C. H. Pearce using liquidity

ADVANTAGE IS being taken of the liquid position at C. H. Pearce and Sons by increasing the group's activities in residential, commercial and industrial developments, says Mr. G. T. Pearce, the chairman.

At May 31, 1978, the company held short-term deposits and cash amounting to £2.01m (£2.52m) compared with bank overdraft and loans of £0.52m (£0.51m).

C. H. Pearce Homes is increasing its activity in the South West and recently a new subsidiary company, C. H. Pearce and Sons (Midland), was formed to carry out residential developments in the Midlands area.

The group's commercial activities have extended to London where it is developing the Pheasantry site at Kings Road, Chelsea. And Pearce Developments continues to be very active with many industrial sites, Mr. Pearce reports.

All of the group's subsidiary companies operating in Bristol are now based in the Stoke Gifford complex and this will lead to more economic working, he says.

The present indications are that the two associated companies will contribute to group profit in the current year.

For the year to the end of May, the group's share of associates' losses amounted to £10,003 (£2,479) but total taxable profit was held at £0.81m on turnover up from £7.1m to £11m. The net dividend is raised to £3.78425p (3.389p) per 25p share — as reported October 25.

Meeting, Bristol on December 15 at 12.30 pm.

Midterm rise for Colmore

TRADING profit of Colmore Investments rose from £81,000 to £92,000 in the half year to September 30, 1978, on turnover of £7.21m, against £5.39m.

The profit figure was after debenture and bank interest which had risen from £40,000 to £83,000.

The motor vehicle distribution and hire purchase finance company is pegging the interim dividend at 1p net per 25p share. Last year shareholders were paid a total of 2.3958p from pre-tax profits of £190,850.

Barratt looks for peak half year

Barratt Developments, the housebuilding group, is to build a record number of houses in the current year, generate a peak level of turnover from all building activities and achieve its highest-ever income from property investments.

Moreover, the group will attain a record profit at the interim stage, according to chairman Mr. L. A. Barratt, in his speech to the annual meeting yesterday.

This was in spite of the fact that the private housebuilding sector has been hit by rising interest rates, and lengthening mortgage queues.

Mr. Barratt said that the Department of Environment figures for new housing for the first nine months of this year "not surprisingly, showed a serious decline. I now forecast that this decline will continue and that 1979 will be reduced to the slump of 1977, which was a disastrous year, unless the Government acts quickly."

He added that the 18 per cent price rise which he had said a year earlier was necessary to stimulate production to sustain a viable industry must be repeated in the next 12 months "notwithstanding the protestations of and obstruction from the Government. The rise in house prices in 1978 was only part of the catching-up process necessary after trading through a four-year period when house price increases did not match increased costs, and it was merely helping to restore the normal relationship between house prices and incomes."

A shareholder questioned the chairman during the meeting on the group's acquisition policy. "It is a matter for concern that shares are issued for acquisition, and at a substantial discount to net assets. We do not like this form of dilution," he said.

Mr. Barratt said that there has never been any dilution of earnings involved whether the acquisition had been made for shares or cash. He indicated that no further acquisitions were planned at the moment. Meantime, the board noted the shareholders' comments, he said.

BIDS AND DEALS

H & C puts up £12.5m to mop up Sabah Timber

BY JAMES BARTHOLOMEW

Harrisons and Crosfield, the plantations group at the centre of several contested bids earlier this year, last night launched another offer. This time it is bidding to buy in the 40.9 per cent of SABAH TIMBER which it does not already own for £12½m in H and C paper.

Sabah is engaged in the production of logs in the region of that name. But in recent years its interests in the UK in the distribution of timber and other building materials have become much more important.

The stated reason for the bid is that H and C wants to restore the balance of its business which existed before it increased its stake in plantations, notably through the bid for Harrisons Malaysian Estates. H and C intends to expand its timber business and would naturally prefer to do this through a 100 per cent owned company.

The acquisition would also result in "financial efficiencies," said a spokesman last night. The *resulting increase in UK profits* would produce a better balance against overseas profits for taxation purposes. Moreover, the income flow of Sabah could be better channelled into its parent if the company was wholly owned, he said.

The bid was not intended to make H and C bigger and more British and therefore less likely to be bid for itself by Far Eastern interests. Sabah was small in comparison with H and C. And, *unlike other companies H and C* has bid for previously, Sabah does not have cross-holdings in other parts of the H and C empire.

Terms are one H and C share *for every seven Sabah*. With H and C standing at 500p last night, this values the bid at 71.4p per share, more than double Sabah's closing price of 34p yesterday.

The Board of Sabah forecasts that pre-tax profits for 1978 will be £6.5m (£7m) and that profit attributable after tax will be £3.5m (£3.6m).

The offer will be through a scheme of arrangement.

H. and C has ben advised by *Baring Brothers and Sabah by* J. Henry Schroder Wagg.

COURTS BUYS CES FURNITURE SUBSIDIARY

Combined English Stores has sold to **Courts (Furnishers)** a small subsidiary, Rhydwen Jones and Davies, which operates seven furniture stores in Wales.

Courts will also buy from CES the *freeholds of three of the* stores. The total price is £700,000 which compares with a book value for the assets of £401,000 in CES's last accounts.

Rhydwen's turnover is not divulged but the company contributed some £33,000 to CES's total group profits of £4.3m for the year ended January 31, 1978.

ASSOCIATE DEALS

J. and A. Scrimgeour purchased on November 21, 1978 100,000 **Allied Retailers** at average price *of 139½p on behalf of associates.*

County Bank, an associate of S. and W. Berisford, has acquired 50,000 Turner Curzon at 8p.

On November 20, 1978, S. G. Warburg and Company, bought on behalf of associates 25,000 **Allied Retailers** ordinary shares at 137p.

J. Henry Schroder Wagg and Co. purchased on November 21, 1978, 55,000 **Randalls Group** ordinary shares at 107½p on behalf of Whitecroft.

Fyshe, Horton, Finney and Co., brokers to Kean and Scott, have sold 1,000 shares at 21p for Mr. D. Duckitt, a partner of Fyshe.

On November 21, 1978, L. Nessel *bought 32,000 Myddleton Hotels* warrants at 183p and 50,000 Myddleton ordinary shares at 291p on behalf of Ladbroke Group.

ROWNTREE £2M 'TIDY UP'

FOR THE sake of administrative simplicity, Rowntree Mackintosh is to make an agreed bid worth £2m to buy in two classes of preference capital of its subsidiary, John Mackintosh and Sons.

RM is offering 52p cash per share for the 4½ per cent cumulative preference stock which was last dealt at 33½p. And 78p per share is to be offered for each 6½ per cent cumulative preference stock which was last dealt at 53p. In both cases the exit yield is 9.04 per cent.

RM wants to avoid the administrative inconvenience of keeping John Mackintosh as a listed company which has to submit separate accounts, said a spokes*man yesterday. The separate com*pany does not fit into the divisional structure of RM, he added.

SHARE STAKES

Granada Group—A. Bernstein has retired as trustees with no beneficial interest of a trust holding 310,080 shares.

Rowntree Mackintosh—Trustees of Joseph Rowntree Memorial Trust have disposed of 125,000 shares at 385p, and are now interested in 4,012,408 shares (7.43%). Sir Donald Barron, chairman, is a trustee.

Isle of Man Enterprises—Nicholson Investments has acquired 7,379 shares in the last four months. Holding of Nicholson is now 874,091 (72.11%) and total holding of all directors and their interests now 892,167 (73.61%).

Hewden Stuart Plant Hire—F. Jamieson, director, has sold 25,000 shares at 71½p.

Derritron—Amalgamated Industrial Holdings bought on Nov. 16 further 10,000 shares bringing total holding to 10,039,296 (83.9%).

Cliffords Dairies—G. Clifford, director, has disposed of 10,000 shares at 42p to J. H. Porter and Sons which has also acquired 7,500 at 60p. G. Clifford has also disposed of 10,000 "A" ordinary shares at 42p. J. H. Porter is a company to which Companies Act 1967, section 28(e) applies.

A. Kershaw and Sons—Rank Organisation has acquired further 159,900 shares (about 1.8 per cent) making total holding 7,107,440 (about 82 per cent)—shares were acquired November 16 at, it is understood, the market price.

Simon Engineering — London and Manchester Assurance Co. holds 94,500 4.2 per cent preference shares (10.24 per cent).

Huntleigh Group—P. C. Epstein, director, has sold 10,000 shares.

Gleves Group—Medlock and Medlock holds 2,500 £1 "B" preference shares (6.23 per cent).

Rembia Rubber Co.—Kuala Lumpur-Kepong Investments has bought 5,000 shares increasing holding to 213,000 (5.53 per cent).

Jitra Rubber Plantations — Kuala Lumpur-Kepong Investments now beneficial owner of 151,500 shares (5.2 per cent).

Blackwood, Morton and Sons—Nerva Finance of Switzerland has acquired 413,500 shares making holding 5.2 per cent.

OIL AND GAS NEWS

Beaufort Sea wells have greater potential

FURTHER encouraging news of Dome Petroleum's two successful exploration wells in the Beaufort Sea, north of the Mackenzie Delta, is revealed in the company's nine months' report to shareholders, reports **Robert Gibbens** from **Montreal**.

In it's report Dome says that deepening of the two wells, *Kopanoar M-13 and Ukalerk 2C-50*, resulted in the "penetration of additional zones with oil and/or gas potential." The wells will be tested next season.

Last August Dome said that hydrocarbons had been found at the two wells at around 12,000 feet. The news was followed by intense speculation that Dome had found another "Prudhoe Bay" and Dome's shares soared to a 1978 high of C$105½.

However, deepening of the wells was suspended on October 5, under Federal Government legislation, because of heavy iceflows and gale-force winds, and Dome's shares have since fallen back to around C$80.

The Ukalerk well had reached a depth of 16,250 feet and the Kopanoar well 14,174 feet, when drilling was suspended.

* * *

The U.S. Federal Government accepted all the highest bids for 35 of the 89 tracts that were *offered at the latest auction of* oil and gas leases in the Gulf of Mexico held on October 31.

The sale attracted less money in total bids—$87.6m—than any other Gulf of Mexico sale since January 1969. Winning bids totalled $61.2m.

The lack of success of previous drilling in the area is cited at the main reason for the lukewarm interest shown in the auction.

Fifteen wells have been sunk in the Eastern Gulf—where the 89 tracts offered are located—and all of them have been dry holes according to the U.S. Geological Survey office.

The next scheduled auction is on December 19 when 147 tracts in the western and central Gulf of Mexico will be on offer.

* * *

Woods Petroleum has discovered naural gas in Roger Mills County, Oklahoma. The company's G. Switzer No. 1 well encountered at least four gas-bearing formations, although only two of these were tested.

From testing the Hunton Lime formation between 18,005 and 18,092 feet the well flowed 14m cubic feet of gas a day although the test was shut in prematurely because of potential gas flows from other zones.

Of the other three gas-bearing *formations only* the Red Fork formation was tested. Drilling will continue to a depth of 18,500 feet. Woods Petroleum owns a 50 per cent working interest in the well.

* * *

AGIP, a unit of the Italian State oil group E.N.I., has discovered oil in commercially exploitable quantities 25 km north of Modena in Northern Italy.

The deposit is at a depth of 3,000 metres, but no estimates can be made as yet of its total size.

A third test well has produced oil of 24 API degrees density and with a 2.5 per cent sulphur content.

* * *

Pecten Philippines Petroleum, a subsidiary of Shell Oil, has been awarded a geophysical survey contract to look for oil in the Sulu Sea according to the Philippines Energy Ministry.

Another Shell subsidiary, **Pecten Philippines Company**, has already converted a survey contract into a service contract with a commitment to drill two exploratory wells next year. The contract area is off the Palawan Islands, 450 miles south-west of Manila, not far from where Cities Services has found commercial deposits.

Pecten Philippines Petroleum's area is 500 miles south of Manila, where the company will conduct a line survey of about 660 miles.

* * *

Three Canadian oil-gas exploration and production companies, **Bow Valley Industries, Siebens Oil and Gas and Sceptre Resources**, are to share equally in the Portuguese offshore Block 43, denominated Cladas Da Rainha, which covers an area of 731 sq km.

A deal with the Portuguese Government calls for a minimum outlay of US$1.6m and involves one wildcat well over the next four years.

RESULTS AND ACCOUNTS IN BRIEF

ALLIED RETAILERS—Turnover for 28 weeks to October 14, 1978, £41,333,314 (£30,617,413) net of VAT. Pre-tax profit £2,726,291 (£1,618,362). Tax £1,472,000 (£868,000) and amount retained £972,709 (£499,796). Earnings per share 4.48p (2.67p adjusted). Interim 1.08p net (0.967p adjusted) as known.

ANGLO - SCOTTISH INVESTMENT TRUST—Results for year to September 30, 1978, already known. Investments at valuation £26.78m (£24.42m), unrealised appreciation £8.3m (£7.56m), net current assets £326,049 (£989,439). Net liquid funds down £1.17m (up £878,000). Meeting, 2, St. Mary Axe, EC, December 14, at 11.15am.

BREMAR TRUST—Revenue £22,661 (£17,124) for half year to September 30, 1978, before tax £7,779 (nil). Earnings per 25p share 1.87p (0.71p), net interim dividend 1p (0.5p).

CEDAR INVESTMENTS TRUST—Results for year to September 30, 1978 with net asset values, reported November 9. Market value of investments, £33.01m (£31.28m) includes listed in Great Britain, £24.57m (£24.25m); listed abroad, £7.7m (£6.38m). Current assets, £1.54m (£1.44m) and liabilities, £1.15m (£0.66m). Meeting, 77, London Wall, EC, December 12 at noon.

CUMULUS INVESTMENT TRUST—For year to September 30, 1978—Gross revenue £121,672 (£132,605), interest and expenses £67,556 (£76,674), tax £19,726 (£8,579), net earnings £43,391 (£50,355). Earnings per 25p share 0.83p (0.96p). Net dividend 0.82p (0.8p). Consolidated net assets at year end £2.43m (£2.21m) or 46.7p (42.1p) per share. Results of wholly owned subsidiary, Cumulus Systems not included. Pre-tax profit £21,791 (£8,147).

BEN BAILEY CONSTRUCTION—Results for year ended June 30, 1978, reported October 14. Group fixed assets £391,561 (£317,421), net current assets £1.71m (£1.38m). Net liquid funds decreased £137,080 (£148,000). Meeting, Bennetthorpe, Doncaster, December 5 at noon.

H. Y. DARY (sporting goods, packaging, pyrotechnics)—Results for July 1, 1978 year reported October 31, with chairman's observations on prospects. Group fixed assets £5.5m (£4.69m), investments £0.25m (£0.22m), net current assets £2.55m (£2.82m). Net assets £7.86m (£6.92m). Meeting, Barnet, December 14, noon.

FINANCE AND INDUSTRIAL TRUST—Results for year to July 31, 1978 already known. Net assets £675,854 (£643,805). Working capital increased £122,426 (£240,305). Meeting, Abercorn Rooms, EC, December 16, at noon.

HARTLEY INDUSTRIAL TRUST—For year to March 31, 1978 turnover £440,066 (£586,464), attributable profit £30,530 (£58,734), after tax £8,292 (£29,015) and extraordinary credit last time £57,011. Earnings per 20p share 2.95p (6.14p). Gross dividend 1p (same) absorbing £16,233 (£15,964).

IRISH GLASS BOTTLE COMPANY—Results for year to June 27, 1978, already reported. Fixed assets £8.54m (£6.94m). Net current assets £2.4m (£2.62m). Meeting, Dublin, December 12.

LIDSTONE—For first quarter of current year both property and trading income show some improvement compared with last year.

LONDON AND LENNOX INVESTMENT TRUST—For half-year to September 30 1978, gross revenue £314,181 (£308,278), net revenue £112,393 (£112,856) after tax £41,169 (£44,057). Net interim 6.45p (6.4p adjusted), absorbing £53,045 (£46,990). Net assets £12.07m (£10.63m) for net asset value 73.1p (61.9p) per 25p share or 78.8p (63.5p) adjusted for surplus on dollar loans—prior charges at par.

MAJEDIE INVESTMENTS—Results for year to September 30, 1978 reported November 10. Quoted investments, £2.91m (£2.69m) with market value, £11.23m (£7.39m). Unquoted at cost, £116,583 (£116,137). Meeting, 10-15 Mincing Lane, EC, December 13 at 12.30 pm.

MANGANESE BRONZE HOLDINGS—Results for July 31, 1978 year reported November 10 in full preliminary statement. Group fixed assets £10.56m (£9.45m), net current assets £5.72m (£5.25m). Working capital increased by £0.89m (£1.82m). Meeting, Love Lane, EC, December 14, noon.

NORTH ATLANTIC SECURITIES CORPORATION—Results for year to September 30, 1978, with net asset values already reported. Investments £15.39m (£14.81m), with valuation £27.26m (£24.84m). Chairman says it is expected that increased dividend sales of 3.87p will be maintained in current year. Meeting, Bucklersbury House, E.C., December 13 at 2.45 pm.

RCF HOLDINGS (hand tools, etc.)—Results for year ending July 31, 1978, with comments on prospects already reported. Fixed assets £2.61m (£2.29m). Net current assets £3.42m (£2.89m). Meeting, Birmingham, December 8, at noon.

RIVERVIEW RUBBER ESTATES—Third interim dividend 5 per cent in respect of 1978. Pay December 14.

SAFEGUARD INDUSTRIAL INVESTMENTS—Results for year ended September 30, 1978, already known. Listed UK investments at market value £10.25m (£9.13m), overseas £196,673 (£61,650) and unlisted at valuation, £1.63m (£1.69m). Net assets £11.60m (£10.31m). Net liquid funds increased £216,191 (£32,050 decrease). Meeting, 47, Eaton Place, SW, December 12, at noon.

J. SMART AND CO. (CONTRACTORS)—Results for year to July 31, 1978 already reported. Fixed assets £1.5m (£1.53m). Net current assets £3m (£2.81m). Meeting, Edinburgh, December 7, at noon.

SHEFFIELD REFRESHMENT HOUSES—Turnover half year to September 30, 1978 £562,033 (£471,907). Pre-tax profit £66,420 (£51,124) after transfer to repairs and renewals provision £13,000 (same) and interest £12,293 (£12,843). Tax £47,100 (£26,700) and deferred tax credit £4,600 (£900). Profit after tax £43,920 (£25,324). Interim 0.67p (single payment 1.826p). This is first time company has paid an interim.

WALTER LAWRENCE (building, property development, plant hire, etc.)—Results for year to June 30, 1978 with one-for-four scrip issue already reported, with chairman's comments on prospects. Fixed assets £5.41m (£3.61m). Net current assets £1.49m (£2.29m). Meeting, Connaught Rooms, W.C., December 8 at noon.

WHARF MILL FURNISHERS—Turnover £1,900,453 (£1,363,808) for six months to September 30, 1978. Pre-tax loss £41,500 (£56,300). Tax credit £21,600 (£29,300). Interim 0.603p, already known. Dividend policy for full year will have to be considered in light of results for that period. The Board states that the Yorkshire and Scottish operations both show satisfactory levels of profitable trading while trading conditions in Lancashire still remain difficult. Present phase of group's reconstruction is nearing completion and the Board is confident that the planned benefits will materialise.

MINING NEWS

Freeport enters uranium market

BY PAUL CHEESERIGHT

FREEPORT MINERALS, the New York-based group, has made its first entry on to the U.S. uranium market as a new plant at Uncle Sam, Louisiana, has come on stream and completed the initial phase of start-up operations.

The plant is one of the first in the U.S. to recover uranium from phosphoric acid and is adjacent to Freeport chemical works which provide the feedstock. If the recovery process used by Freeport, and being developed by other companies, becomes more extensively used then the U.S. will have a useful new source of uranium supplies.

A freeport statement said that the first 10,000 lb of uranium oxide had been produced at Uncle Sam, a $35m investment. Output is running at more than 1,000 lb a day, or about half of rated capacity. An increase to 75 per cent of capacity is expected shortly.

The overall recovery of uranium appears to be nearing the design range of 85-90 per cent; the statement added. Next year Freeport hopes to produce 600,000 lb of uranium oxide, thus approaching the maximum plant capacity of 690,000 lb a year.

The development of techniques to recover uranium from phosphoric acid could be of special significance to the U.S. It has been noted that the average grade of ranium in U.S. sandstone deposits has been progressively declining and that it has become important to improve the processing technology for uranium to ensure maximum recovery rates.

Other companies involved are seeking uranium from phosphoric acid within the U.S. are Uranium Recovery Corporation which is an affiliate of United Nuclear Corporation, Gardinier (U.S. Phosphoric Products), and Wyoming Mineral which is a Westinghouse subsidiary.

At the recent Uranium Institute meeting in London, it was estimated that the potential yearly U.S. production of uranium from phosphoric acid would not be more than 4,000-6,000 tons. But this is a not insignificant proportion of U.S. total production, which is estimated to be 25,000 tons in 1980.

But the work of Freeport and the other companies in this area has a wider implication. It has been estimated that world phosphoric acid production capacity is more than 20m tons a year and that common concentrations of uranium are 0.08 to 0.04 per cent. In the past recovery processes have not been financially attractive.

Presumably Freeport has come to terms with this problem. When it launched the Uncle Sam project it talked of "promising profit potential." It was also able to make the project sufficiently attractive to arrange consumer finance of $10m and arrange long-term supply contracts for over half the output.

Rustenburg expects higher U.S. demand

RUSTENBURG PLATINUM, the world's largest producer, is to reinstate part of its capital development programme in order to meet its commitments to the U.S. motor industry, it was announced yesterday with the publication of the annual report.

The cost of the reinstatement will be R14m (£8.38m), the directors stated. This move is part of an expansion of production, which has already recovered since a 20 per cent reduction was announced in November 1977.

Under contracts with the U.S. motor industry, signed in 1972, Rustenburg is committed to make available certain amounts of platinum each year. So far the level of demand has been running below the maximum level of entitlement.

"But during 1979 these demands are expected to approach and indeed may reach the full entitlement," the directors said in explanation of the planned expenditure.

The expansion of production follows the disclosure last month that Rustenburg had successfully renegotiated contract prices with Ford and points to a continued improvement in the group's fortunes.

In the year to last August, net profits were R25.8m (£15.4m) compared with R4.6m the previous year. Although production ran at much the same level in 1977-1978 as in 1976-77, market conditions were considerably better.

For the immediate future it looks as if the main prospects for further improvement lie with the motor industry. "Production for general industrial and jewellery purposes will remain at the current level for this financial year," the directors said.

Much will depend on the level of prices that can be maintained. Rustenburg's published producer price is currently $280 an ounce and there are rumours of another rise in the offing. But the free market price, strongly influenced by the movements of the dollar, was yesterday $337.50, down from a peak $382 at the end of October.

Gold Fields advances Saudi prospect

A NEW stage of exploration at the Consolidated Gold Fields gold prospect of Mahd adh Dhabab was formally inaugurated yesterday by Sheikh Ahmed Zaki Yamani, the Saudi Arabian Minister for Oil and Mineral Resources.

The prospect, 190 miles north west of Jeddah, has been developed to the extent that Gold Fields is now driving an incline tunnel from the surface to the orebody. This will enable bulk sampling to take place at the end of next year, and also more drilling.

But no decision will be taken on whether to start a commercial mine until 1980. The Saudi Government, through Petromin, the state minerals agency, holds the right to take a 50 per cent share of the project.

Mahd adh Dhabab is in a traditional gold mining area and was exploited by the Saudis between 1938 and 1954. There is no thought, however, that Mahd adh Dhahab will ever be a major mine on the South African scale.

"It looks likely to be a promising but very small gold mine," Mr. Rudolph Agnew, the Gold Fields chief executive, said recently. No reserve figures have been published, but the ore is said to be of high quality and low quantity.

PALABORA PAYS HIGHER INTERIM

Palabora Mining, the Rio Tinto-Zinc group's South African copper producer, yesterday declared a third interim dividend for the year to December of 17.5 cents, an increase of 10 cents on the payment declared at this time last year.

This will bring payments for the year so far to 42.5 cents as the first two interim dividends were 12.5 cents each. In 1977 the total payment was 45 cents made up of a first interim and a final, each of 15 cents, and second and third interims, each of 7.5 cents.

Palabora has been one of the few copper companies to retain a semblance of financial health during the recession. In the first nine months of the year it was producing at a higher rate than last year and latterly will have gained some benefit from slightly higher copper prices. The shares were 440p yesterday.

ROUND-UP

Better-than-forecast results for the year to September 30 are announced by Mining Investment Corporation (Mincorp). Unaudited pre-tax profits come out at £399,000 compared with a forecast of £230,000 made at the time of the acquisition of Rhos Mining. After-tax profits include a tax recovery of £112,000. The directors propose a dividend for the year of 1.5p net, subject to Treasury consent.

The Government of Saudi Arabia has given approval for the signing of a $6m agreement with Minatome S.A. of France to survey for radioactive minerals. The three-year agreement is expected to be signed by Sheikh Ahmed Zaki Yamani Saudi Arabia's Oil Minister. Minatome is owned 50 per cent each by Pechiney Ugine Kuhlmann and Cie Francaise des Petroles.

London Shop Property expresses optimism

Reporting on a "satisfactory" year for London Shop Property Trust, Sir Cyril Black, the chairman, says he has no cause to revise the opinion made a year ago of restrained optimism as regards the group's prospects.

He tells members in his annual statement that the group's "reservoir" of latent trading profits is not particularly large at present, but increases in net property revenue, with an anticipated improvement in house building results, should go far towards compensating for possible reductions in trading profits.

As reported on October 20, pre-tax profits advanced from £338,079 to £652,834 for the April 30, 1978 year. From earnings up from 1.3p to 3.5p per share, the net dividend is 3.0318p (2.9868p).

Sir Cyril reports that an appraisal of house building activities during the year revealed an underlying strength in the land bank and good prospects for house sales in the foreseeable future.

He says it has now been decided that the company will begin gradually to increase its building programme, following last year's curtailment forced upon it by market conditions and a necessity to slow up activity while the appraisal took place.

As present market conditions are reasonable and demand for the company's house units constant, the directors are hopeful that should these conditions continue the current year results of this subsidiary will show an improvement over the previous 12 months, and that this will continue.

A professional revaluation of the group's properties as at April 30, 1978 showed a total portfolio of around £26.6m. As a result of the surplus on properties held by UK and overseas investment companies, almost £4.4m has been transferred to reserves.

The 1978 valuation of properties held in the group's trading companies showed a surplus over cost of £88,562.

The group is continuing to make satisfactory progress with rent revisions and the renewal of leases.

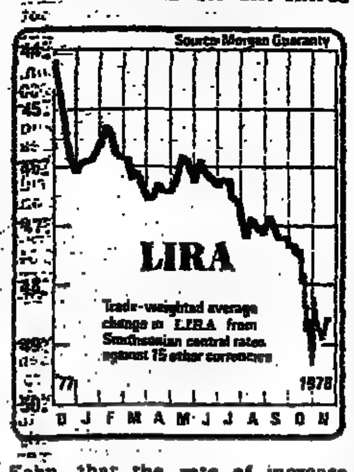
On the basis of the rents obtainable on rent reviews and renewals as estimated for valuation purposes, the current year should show an increase of some £200,000 in rents received, states the chairman.

He says the group can look forward to a continuing and steadily rising income from this source and adds that it has no major vacancies—from a rent roll of about £2.4m per annum, vacant properties represent some £50,000.

Currency, Money and Gold Markets

Dollar steady in subdued trading

Trading in yesterday's foreign exchange market was very subdued for most of the day and major currencies (with the exception of the Swiss franc) traded within very narrow ranges. Most centres in West Germany were closed yesterday for a holiday, and today centres in Japan and the U.S. are closed. It was not surprising therefore that business remained at a low level. The dollar had a slightly softish undertone to start with before improving later in the morning probably with a little assistance by the Swiss authorities. During the afternoon comments made by U.S. inflation adviser Mr. Alfred Kahn, that the rate of increase in consumer prices is approaching 10 per cent this year, prompted a little selling of dollars and it seemed likely that the Fed gave support in such thin trading. Using Morgan Guaranty figures at noon in New York, the dollar's trade weighted average depreciation was unchanged at 8.5 per cent.



The Swiss franc was quoted at SwFr 1.7400 at one point. It closed against the dollar at SwFr 1.72624 compared with SwFr 1.7185 on Tuesday. The D-mark was also slightly weaker at DM 1.9233¾ against DM 1.9215.

Sterling opened at $1.9455-1.9465 and eased to $1.9430-1.9440 before weakness in the dollar pushed the rate up to $1.9480-1.9490. It then fell back a little to $1.9440 before renewed dollar sales increase the rate to $1.9460-1.9470 at the close, a rise of 10 points.

Against other currencies, the pound remained steady on balance, and this was reflected in its trade weighted index which remained at 62.5, having touched 62.6 at noon. In terms of the D-mark it improved to DM 3.7450 from DM 3.7250 while the Swiss franc was weaker at SwFr 3.38 against SwFr 3.33. News that workers had voted to return to work at Ford had already been discounted and had little effect on trading.

NEW YORK—In early trading the dollar showed very little movement, going slightly firmer in places, but still remaining within a very narrow range. With West German centres closed yesterday and U.S. and Japanese markets shut today, there was hardly any inducement to taking up fresh positions. Early rates saw sterling at $1.9470 against $1.9465 and the D-mark at DM 1.9253 from DM 1.9284. The Swiss franc moved more than most and was quoted at SwFr 1.7265 compared with SwFr 1.7370 on Tuesday.

ZURICH—In early morning trading the dollar rose against other major currencies, but eased back later on to steady still well above its opening rates. There did not appear to be any definite trend in the market, with dealers uncertain at the moment as to which way the market will turn. Against the Swiss franc, the U.S. unit was quoted at SwFr 1.7315, down from its earlier level of SwFr 1.7370.

MILAN—The dollar was fixed at L850.95 against the lira, compared with Tuesday's level of L851.05. This slightly weaker tendency reversed the firmer start made by the dollar. The Swiss franc was a little firmer at L494 against L492.1 previously, but weakened later in the day to L490.57. Trading at the fixing amounted to $19m with the Bank of Italy selling some $14m although it was known to have bought dollars during the morning.

PARIS — At the fixing, the dollar eased to Fr4.4205 from Fr.4.4325 previously. The franc was also firmer against the D-mark at Fr2.2940 against Fr2.3000 on Tuesday.

AMSTERDAM — the dollar fell at yesterday's fixing to Fl2.0945, down from Tuesday's level of Fl.2.0980.

TOKYO — In quiet pre-holiday trading, the dollar showed little change overall and closed at Y194.575, compared with Y194.73 on Tuesday. After opening at Y194.80, it rose to Y195.18 but fell during the afternoon on some selling by foreign banks to a low of Y194.50. There seems to be little to prompt much movement at the moment, with some sources suggesting that the next statistic likely to affect trading was U.S. trade figures, due on November 29.

THE POUND SPOT

Nov. 22	Bank rate %	Day's spread	Close
U.S. $	9½	1.9450-1.9480	1.9460-1.9470
Canadian $	10¾	2.2910-2.2970	2.2920-2.2950
Guilder	6½	4.04¼-4.09	4.05¼-4.06¼
Belgian F	6	58.80-59.28	58.80-59.08
Danish K	8	10.36-10.41	10.36½-10.37½
D-Mark	3	3.73½-3.76½	3.74-3.75
Port. Esc.	18	90.70-91.60	91.00-91.50
Span. Pes.	8	138.90-139.50	139.20-139.50
Lira	10½	1,653-1,658	1,655¼-1,656¼
Nrwgn. K.	7	9.99½-10.04	10.00½-10.01½
French Fr	9½	8.57½-8.61½	8.58½-8.59½
Swedish Kr.	6½	8.57-8.60½	8.58½-8.59½
Yen	3½	375-383	377½-379½
Austria Sch.	4½	27.30-27.45	27.35-27.40
Swiss Fr.	1	3.34½-3.39	3.35½-3.36½

Belgian rate is for convertible francs. Financial franc 59.60-60.70.

FORWARD AGAINST £

Nov. 22	One month	% p.a.	Three months	% p.a.
U.S. $	0.55-0.45c pm	3.08	1.27-1.17c pm	2.51
Canadian $	0.70-0.60c pm	3.42	1.95-1.80c pm	3.29
Guilder	1⅝-⅝c pm	3.33	5⅝-4⅝c pm	4.81
Belgian F	15-5c pm	2.04	55-45c pm	3.39
Danish K	2-3½ ore dis	-2.08	3½-5¼ ore dis	-1.64
D-Mark	6¼-2⅞ pf pm	9.96	10-9 pf pm	10.15
Port. Esc.	50-110c dis	-10.52	140-280c dis	-9.42
Span. Pes.	30c pm-60c dis	-3.88	140-260c dis	-5.76
Lira	2-4 lire dis	-0.22	8-11 lire dis	-0.23
Nrwgn. K.	5½-1½ ore pm	3.30	5¼-3½ ore pm	1.80
French Fr	4½-3½c pm	5.24	10-9c pm	4.43
Swedish Kr.	4½-2½ ore pm	4.89	10-8 ore pm	4.19
Yen	4.35-4.00y pm	13.88	11.45-11.10y pm	11.86
Austria Sch.	18-8gro pm	5.70	58-43 gro pm	7.02
Swiss Fr.	4-3c pm	12.50	11½-10½c pm	13.39

Six-month forward dollar 2.10-2.20c pm. 12-month 4.20-4.30c pm.

THE DOLLAR SPOT

November 22	Day's spread	Close
Canad'n $*	85.17-85.23	85.18-85.21
Guilder	2.0820-2.0945	2.0820-2.0850
Belgian Fr	30.23-30.35	30.23-30.26
Danish Kr	5.3330-5.3450	5.3350-5.3375
D-Mark	1.9185-1.9260	1.9220-1.9235
Port. Esc	46.80-47.02	46.80-47.00
Span. Pta	71.44-71.62	71.44-71.49
Lira	850.70-851.30	850.90-851.30
Nrwgn. Kr	5.1430-5.1515	5.1400-5.1460
French Fr	4.4125-4.4200	4.4125-4.4150
Swedish Kr	4.4185-4.4160	4.4140-4.4155
Yen	194.18-194.90	194.10-194.30
Austria Sch	14.0650-14.1000	14.09-14.10
Swiss Fr	1.7255-1.7340	1.7225-1.7245

* U.S. cents per Canadian $.

FORWARD AGAINST $

November 22	One month	% p.a.	Three months	% p.a.
Canad'n $	0.02c dis-0.01c pm	-0.15	0.14-0.17c pm	0.69
Guilder	0.10c pm-par	0.26	1.15-1.05c pm	2.01
Belgian Fr	1c dis-1c pm	—	7-4c pm	0.78
Danish Kr	2.0-2.5ore dis	-4.59	5.25-5.75ore dis	-3.94
D-Mark	1.12-1.06pf pm	6.20	3.70-3.64pf pm	7.32
Port. Esc	35-180c dis	-27.51	130-500c dis	-26.87
Span. Pta	10-38c dis	-3.05	123-153c dis	-7.39
Lira	3.40-3.90lire dis	-4.68	101-111lire dis	-4.84
Nrwgn. Kr	0.20ore dis-0.20ore pm	—	0.65-1.05ore dis	-0.63
French Fr	0.95-0.70c pm	1.97	2.50-2.30c pm	1.91
Swedish Kr	0.75-0.55ore pm	1.61	2.10-1.90ore pm	1.73
Yen	1.65-1.50y pm	8.82	4.60-4.45y pm	8.89
Austria Sch	5.50-4.50gro pm	4.26	15.5-13.0gro pm	4.04
Swiss Fr	1.53-1.47c pm	9.43	4.80-4.75c pm	10.58

CURRENCY MOVEMENTS

November 22	Bank of England Index	Morgan Guaranty changes %
Sterling	62.53	-41.1
U.S. dollar	84.73	-8.5
Canadian dollar	80.32	-17.1
Austrian schilling	144.05	+13.7
Belgian franc	113.60	+14.9
Danish krone	116.33	+6.0
Deutsche Mark	147.17	+40.3
Swiss franc	191.34	+81.5
Guilder	122.49	+19.6
French franc	97.79	-6.6
Lira	54.47	-48.6
Yen	150.82	+48.3

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

November 22	Special Drawing Rights	European Unit of Account
Sterling	0.655330	0.672010
U.S. dollar	1.27265	1.30588
Canadian dollar	1.49536	1.53426
Austrian schilling	17.9444	18.3961
Belgian franc	38.6896	39.6989
Danish krone	7.04412	6.98605
Deutsche Mark	2.45456	2.51665
Guilder	2.67082	2.73976
French franc	5.64282	5.78953
Lira	1083.03	1111.70
Yen	247.725	254.024
Norwegian krone	[illegible]	6.72748
Peseta	91.2230	93.5081
Swedish krona	5.61875	5.76599
Swiss franc	2.19460	2.25434

OTHER MARKETS

Nov. 22	£	$		£ Note Rates
Argentina Peso	1,831-1,835	940.66-942.72	Austria	27-28
Australia Dollar	1.7072-1.7122	0.7145-0.7155	Belgium	60-61½
Finland Markka	7.8550-7.8650	4.0390-4.0410	Denmark	10.35-10.50
Brazil Cruzeiro	38.45-39.45	19.75-20.25	France	8.50-8.70
Greek Drachma	71.292-73.036	36.60-37.50	Germany	3.70-3.80
Hong Kong Dollar	9.4125-9.4325	4.8350-4.8400	Italy	1650-1700
Iran Rial	135.5-139.0	70.88-71.70	Japan	377-387
Kuwait Dinar (KD)	0.528-0.538	0.2744-0.2746	Netherlands	4.00-4.10
Luxembourg Franc	58.90-59.00	30.26-30.29	Norway	9.95-10.10
Malaysia Dollar	4.325-4.340	2.2230-2.2250	Portugal	90-100
New Zealand Dollar	1.8560-1.8640	0.9537-0.9570	Spain	139-143
Saudi Arabia Riyal	6.50-6.60	3.3650-3.3750	Switzerland	3.30-3.40
Singapore Dollar	4.3350-4.350	2.2270-2.2280	United States	1.9425-1.9525
South African Rand	1.67838-1.7045	0.8622-0.8756	Yugoslavia	41-43

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Nov. 22	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.947	3.745	378.5	8.588	3.360	4.048	1656	2.283	58.95
U.S. Dollar	0.514	1.	1.924	194.5	4.412	1.726	2.085	850.6	1.173	30.29
Deutsche Mark	0.267	0.520	1.	101.1	2.295	0.897	1.085	442.1	0.609	15.74
Japanese Yen 1,000	2.642	5.143	9.894	1000.	22.69	8.877	10.72	4375	6.030	155.7
French Franc 10	1.164	2.267	4.361	440.8	10.	3.913	4.725	1928	2.658	68.65
Swiss Franc	0.298	0.579	1.115	112.6	2.556	1.	1.208	492.8	0.679	17.54
Dutch Guilder	0.246	0.480	0.923	93.28	2.118	0.828	1.	408.1	0.563	14.53
Italian Lira 1,000	0.604	1.176	2.262	228.6	5.186	2.029	2.451	1000.	1.379	35.60
Canadian Dollar	0.438	0.855	1.641	165.8	3.762	1.472	1.778	725.4	1.	25.85
Belgian Franc 100	1.696	3.302	6.355	642.1	14.57	5.700	6.885	2809	3.872	100.

EURO-CURRENCY INTEREST RATES

Nov. 22	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	12-12½	9⅝-9⅞	8½-9½	8¼-8½	—⅛-⅛	3⅛-3⅜	6¾-7	14-15	—	—⅝-1⅛
7 day's notice	12-12½	9¾-10	8½-9½	8¼-8½	par-⅛	3⅛-3⅜	7-7¼	14½-15½	9⅛-9¼	—1⅛-⅜
Month	12⅝-12⅞	10⅜-10⅝	9-9¼	8⅞-9⅛	—⅜-⅛	3⅛-3⅜	7¼-7½	15-16	9⅛-9¼	⅜-⅝
Three months	13⅞-14⅛	11⅛-11⅜	9¼-9⅝	8⅞-9⅛	⅛-⅜	3⅜-3⅝	9-9¼	15½-16½	11⅛-11⅜	1⅛-1¼
Six months	14⅛-14⅜	11⅝-11⅞	9¼-9⅝	8½-8¾	⅜-⅝	3¾-3⅞	9⅝-9⅞	16-17	11⅛-11⅜	2½-2⅞
One year	14-14¼	11⅛-11⅜	9⅛-9⅞	8⅜-8⅝	⅜-⅝	4-4⅛	10⅛-10⅜	16½-17½	11⅛-11⅜	3⅝-4

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.05-10.15 per cent; three months 11.20-11.30 per cent; six months 11.55-11.65 per cent; one year 11.30-11.40 per cent.

Long-term Eurodollar deposits: Two years 10 11/16-10 15/16 per cent; three years 10⅝-10⅞ per cent; four years 10½-10¾ per cent; five years 10 5/16-10 15/16 per cent; nominal closing rates. Short-term rates a call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates for closing rates in Singapore.

INTERNATIONAL MONEY MARKET

European rates mixed

European interest rates were mixed yesterday, with short term money rates easier in Paris, but firmer in Brussels, while the Frankfurt market was closed for the Repentance Day holiday.

The weekly statements from the Belgian National Bank and Netherlands Bank, showed that the foreign currency reserves of both central banks rose during the week ended November 20. Support for the dollar by European central banks continued last week with the Belgian franc and guilder trading more comfortably against the D-mark, within the permitted bands of the European currency snake.

Belgium's foreign currency reserves rose by BFr 180m to BFr 108.781bn ($3.56bn) during the week, and Holland's by Fl 437.2m to Fl 21.678bn ($10.37bn).

The Belgian National Bank statement also showed repayment of a further BFr 3.495 to the European Monetary Co-operation Fund, reducing its debt to BFr 28.141bn from BFr 31.636bn. This was the fourth consecutive repayment of a total debt of BFr 42.648bn, used to defend the Belgian franc within the snake.

The one-month deposit rate for the Belgian franc (commercial) rose to 9⅝-9⅞ per cent from 9⅛-9⅜ per cent yesterday, with three month increasing to 9½-9¾ per cent from 9¼ per cent; six-month to 9¼-9½ per cent from 8¾-8⅞ per cent; and 12-month to 9-9¼ per cent from 8¾-9 per cent.

PARIS — Day-to-day money eased to 6⅞ per cent from 6⅞ per cent in the money market yesterday, the lowest level for over 2½ years. A general easing of French interest rates recently, has led to speculation about a possible cut in the commercial banks base lending rates. One-month money fell to 6⅞-6⅞ per cent from 6¾-7 per cent, while longer period rates were unchanged.

MILAN — Interest rates were unchanged, with call money at 10⅝-10⅞ per cent; one-month at 10¾-11 per cent; two-month at 11-11¼ per cent and three-month at 11¼-11¾ per cent.

HONG KONG — The money market was easy with call money at 8⅞ per cent and overnight at 7 per cent.

NEW YORK — Interest rates were fairly steady, with Federal funds little changed at 9⅝-9¾ per cent.

GOLD

Firmer tendency

After a weak start, gold improved later in the day to close at $200¾-201, a rise of just $1 an ounce. The metal opened at $198¾-199¼ and fell away to a morning fixing of $197.90. With the opening of U.S. centres, it rose to $199.00 at the afternoon fixing and maintained its firmer trend to the close. Trading was described as moderately active.

In Paris the 12½-kilo bar was fixed at FFr 28,250 per kilo ($198.77 per ounce) compared with FFr 28,200 ($198.90) in the morning and FFr 28,450 ($199.63), on Tuesday afternoon.

	Nov. 22	Nov. 21
Gold Bullion (a fine ounce)		
Close	$200¾-201	$200-201
Opening	$198¾-199¼	$197¼-198¼
Morning fixing	$197.90 (£101.529)	$199.10 (£102.481)
Afternoon fixing	$199.00 (£102.140)	$200.20 (£102.861)
Gold Coins, domestically		
Krugerrand	$203¾-205¾ (£104¾-105¾)	$210¼-212¼ (£108¼-109¼)
New Sovereigns	$62½-64½ (£32-33)	$60½-62½ (£31-32)
Old Sovereigns	$66½-68½ (£34-35)	$66½-68½ (£34-35)
Gold Coins, internationally		
Krugerrand	$204¾-206¾ (£105¾-106¾)	$205¼-207¼ (£105¾-106¾)
New Sovereigns	$62½-64½ (£32-33)	$59-62 (£30¼-31¾)
Old Sovereigns	$66-68 (£34-35)	$68¼-70¼ (£35-36)
$20 Eagles	$282-287	$285-288
$10 Eagles	$143-148	$143-155
$5 Eagles	$94-97	$95-105

UK MONEY MARKET

Exceptional assistance

Bank of England Minimum Lending Rate 12½ per cent (since November 9, 1978)

Day-to-day credit was in very short supply in the London money market yesterday, and the authorities gave an exceptionally large amount of assistance by buying a moderate amount of Treasury bills from the discount houses and banks, and a small number of local authority bills from the houses. The Bank of England also bought an exceptionally large amount of eligible bank bills for rescale to the market at agreed future dates. The total help was completed by lending a moderate amount overnight, to four or five houses, at Bank of England Minimum Lending Rate of 12½ per cent. This was the first time that the authorities had lent money to the market since August 17.

Large tax payments were the major factor behind the shortage, as revenue payments to the Exchequer heavily outweighed Government disbursements. There was also a small net take-up of Treasury bills to finance, while bank balances were slightly below target. On the other hand there was a small reduction in the note circulation.

Discount houses paid 12-12½ per cent for secured call loans in the early part, and closing balances were taken at 11½-12½ per cent.

In the interbank market overnight loans opened at 12¾-12⅞ per cent, and quickly rose to 13 per cent. Rates were steady around that level for most of the day, but fell to about 8 per cent at the close.

LONDON MONEY RATES

Nov. 22 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills	Eligible Bank Bills	Fine Trade Bills
Overnight	—	8-13	—	—	—	12¾	11½-12½	—	—	—
2 days notice	—	—	11⅞-12	—	—	12½	—	—	—	—
7 days or 7 days notice	—	12¼-12½	12⅛	—	12¼	12⅝	12-12¼	—	—	—
One month	12⅛-12⅜	12⅜-12⅝	11⅞-12⅛	12⅛-12½	12⅝	12¾	11⅞-12	11⅜-11⅝	12⅛-12⅛	12⅛
Two months	12⅛-12⅛	12¼-12⅜	—	11½-11⅞	12⅞	—	11¾-11⅞	11⅜-11⅝	12⅛	12⅝
Three months	12⅛-12⅛	12¼-12⅜	12⅛-12¼	11¼-11⅝	12⅞	—	11¼	11⅛-11⅞	11¼	13
Six months	12-11¾	11⅞-12⅛	11⅞-12⅛	10⅞-11¼	12⅜	—	—	—	11⅜-11⅝	—
Nine months	11¾-11⅝	11½-11⅝	—	11¼-11¾	12¼	—	—	—	—	—
One year	11⅝-11½	11⅝-11⅞	11½-11¾	11¼	—	—	—	—	—	—
Two years	—	—	12-12½	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Longer-term local authority mortgage rates nominally three years 12¼-12½ per cent; four years 12¼-12½ per cent; five years 12⅛-12⅜ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills 11 15/16 per cent; four-month trade bills 12½ per cent.

Approximate selling rates for one-month Treasury bills 11 15/32 per cent; two-month 11 9/16-11 19/32 per cent; three-month 11 9/16-11 19/32 per cent. Approximate selling rate for one-month bank bills 11½-12 per cent; two-month 11⅜-11 15/16 per cent; and three-month 11 7/16 per cent; one-month trade 12 per cent; two-month 12¼ per cent and also three-month 12 11/16 per cent.

Finance House Base Rates (published by the Finance House Association) 13 per cent from November 1, 1978. Clearing Bank Deposit Rates for small sums at seven days notice 10 per cent. Clearing Bank Base Rates for lending 12½ per cent. Treasury Bills: Average tender rates of discount 11.7284 per cent.

MONEY RATES

NEW YORK

Prime Rate	11
Fed Funds	9.6875
Treasury Bills (13-week)	8.79
Treasury Bills (26-week)	9.0

GERMANY

Discount Rate	3
Overnight	3.25
One month	3.15
Three months	3.325
Six months	3.65

FRANCE

Discount Rate	9.5
Overnight	6.75
One month	6.8125
Three months	7.0625

JAPAN

Discount Rate	3.5
Call (Unconditional)	4.25
Bills Discount Rate	4.425

CONTRACTS AND TENDERS

INTERNATIONAL INVITATION TO TENDER

OFF-SHORE GAS FIELD OF MISKAR (TUNISIA)

SUPPLY STEEL PIPES FOR THE OFFSHORE PIPELINE

The Groupe Etude Miskar, acting for the future entity in charge of Miskar, gas field project implementation in Gabès Gulf, off Tunisia, is presently inviting to tender for supplying pipes of the offshore pipeline, in order to transport natural gas from the field location to the Tunisian shore (about 100 km of pipes in 26" or 28")

Constructors or suppliers of pipes interested by this international bidding are invited to get the bidding documents which are available starting Wednesday, November 22nd, 1978, at the following address:

GROUPE ETUDE MISKAR — 11, avenue Khereddine Pacha — TUNIS
Telex No. 12/28TN (TUNISIA)

against payment of two hundred (200) Tunisian dinars or its equivalent in foreign currency

Bids must be submitted no later than Tuesday, February 20th, 1979, till 5 p.m.

NOTICES COMPANY

Q.P. CORPORATION
(Q.P. Kabushiki Kaisha)

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS ("EDRs")

NOTICE IS HEREBY GIVEN to EDR holders that it is the intention of the management of Q.P. Corporation (the "Company") to pay, in February or March 1979, a cash dividend to shareholders on the register at the close of business on 30th November 1978. Commencing on 27th November 1978, the shares will be traded on the Tokyo Stock Exchange ex such dividend.

Accordingly, coupon number three to the EDRs will be used for the purpose of claiming this dividend and will be deemed to mature at the close of business in Luxembourg on 24th November 1978. After that time coupon number three should therefore be detached from any EDR presented for surrender and will not be issued with any new EDR.

The Company will close the shareholders register on 1st December 1978 until the day next following the ordinary general meeting which is expected to be held at the end of February 1979. During this period it will not be possible to register, inter alia, the transfer of shares withdrawn against the surrender of EDRs.

A further notice will be published stating the amount and date of payment of the said dividend, together with the procedure to be followed for obtaining payment as soon as practicable after receipt of the dividend by the Depositary.

KLEINWORT, BENSON LIMITED,
Depositary

London
22nd November, 1978

CONCERTS

ROYAL FESTIVAL HALL (01-928 3191). Tonight 8 LSO 1978 Series Shell Concerts. André Previn. Galina Stamenova violin. Douglas Cummings cello. Debussy: Iberia. Bruch: Violin Concerto No. 1. R. Strauss: Don Quixote.

PLANT AND MACHINERY

HOLIDAY ACCOMMODATION

COMPANY NOTICE

RUSTENBURG PLATINUM HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)

ABRIDGED NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the thirty-second annual general meeting of members of Rustenburg Platinum Holdings Ltd. will be held in the board room, Consolidated Building, corner of Fox and Harrison Streets, Johannesburg on Wednesday, 24th January, 1979 at 9.30 a.m.

Any member of the company is entitled to appoint a proxy to attend and to speak and, on a poll, to vote in his stead. A proxy need not be a member of the company.

The share transfer books and the register of members will be closed from 17th to 24th January, 1979, both days inclusive.

By Order of the Board
JOHANNESBURG CONSOLIDATED INVESTMENT CO. LTD.
Secretaries
per J. A. F. Simmonds

Head Office and Registered Office
Consolidated Building
Corner of Fox and Harrison Streets,
JOHANNESBURG 2001
(P.O. Box 590, Johannesburg 2000)
21st November, 1978

CLUBS

PUBLIC NOTICES

BIRMINGHAM COUNCIL BILLS

The £7m ninety-one day Bills were issued 23rd November 1978 maturing on the 22nd February 1979. Applications totalled £49m. The minimum price accepted was £97.095. The average rate of discount was 11.6519234%. The total Bills outstanding is £20m.

TAMESIDE METROPOLITAN BOROUGH COUNCIL

£2,500,000 Bills offered 10.11.78 for payment 15.11.78 due 14.2.79 at 11 61-64ths. Applications totalled £26m. No other Bills outstanding.

NEWCASTLE UPON TYNE D.C. BILLS

£8,250,000 Bills maturing on 21st February 1979 were offered on 22nd November 1978 at an average rate of 11 49-64ths per cent p.a. Total applications for this issue amounted to £44,250,000 and there are £8,250,000 Bills outstanding.

ART GALLERIES

Airline merger provides a fresh start for Trinidad

BY DAVID RENWICK, Port of Spain Correspondent

BRITISH West Indian Airways (BWIA), the Trinidad and Tobago Government-owned airline which flies to London, North and South America, and the Caribbean, will soon go out of existence and a new company, Trinidad and Tobago (BWIA International) Airways Corporation, will take its place.

The Government hopes in this way to put the unhappy loss-making history of BWIA behind it and to start afresh with a new airline structure that could have a better chance of success in the highly competitive world of contemporary aviation.

The change is not simply one of nomenclature, for the new company will incorporate not only the international routes now flown by BWIA itself but also the domestic services currently provided by a separate airline, Trinidad and Tobago Air Services (TTAS), also state-owned.

The decision to merge the two into an entirely new operation was triggered by a three and a-half-month-long BWIA pilots strike earlier this year which was not supported by their TTAS counterparts, however.

The pilots abruptly withdrew their labour on the eve of the busy Carnival season in an effort to force the management to reinstate a senior Boeing 707 pilot with an 18,000-hour flying record spanning 25 years whom the company had grounded because it said it had lost confidence in him.

The lengthy period that BWIA was out of the air provided the Government of Dr. Eric Williams with a chance to re-open its whole future policy towards civil aviation. A committee appointed to consider the matter concluded that there were many benefits to be gained from merging the two state-owned companies, including the better utilisation of resources and improved career prospects for all levels of staff.

But there is no denying that the Trinidad and Tobago (BWIA International) Airways Corporation starts life with considerable handicaps.

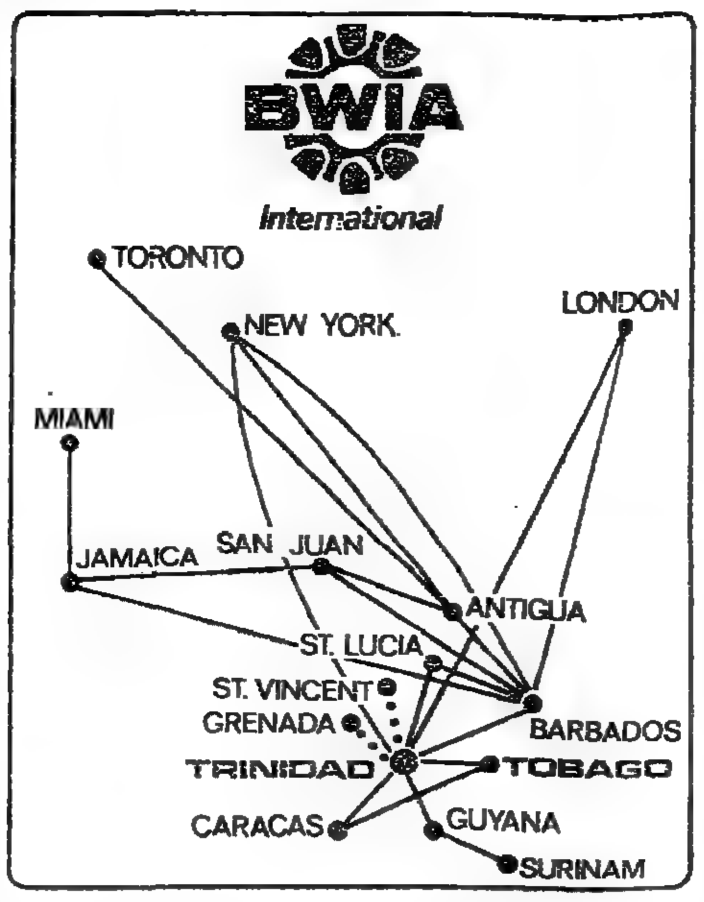
For example, both BWIA, which has been in existence for 38 years, and TTAS, established four years ago, have consistently lost money. In the case of the former, accumulated losses to the end of 1976 were a hefty TT$112.1m (U.S.$46.7m) and the airline has been kept going only by annual Government subsidies.

Inefficiency

Management is weak, especially in the case of BWIA, from whose higher ranks the management of the new corporation (TTAS has only a very small managerial core) will have to be drawn.

The committee which recommended the merger was critical of BWIA's approach to management, deriding what it claimed to be its habit over the years of "tailoring managerial positions to fit individuals, rather than defining posts for functional efficiency and then selecting the most suitable people to fill them."

It asserted that BWIA had had six different expatriate managing directors in the period 1966-1976 but the company had failed to benefit from this association because "the expatriate managers functioned as day-to-day operators rather than advisers and did not contribute significantly to defining a long-term development strategy and management philosophy." The current managing director, Peter Look Hong, is one of the first Trinidadians for many years to hold the post.



The new corporation will also face almost immediately the challenge of re-equipping and expanding the fleet it inherits. TTAS presently has three HS748 and one DC-6B aircraft for its Trinidad-Tobago run (two more HS 748s have been ordered). BWIA's fleet consists of six Boeing 707-320's, two DC-950's (with one more on order for delivery in March next year) and one DC-9 34CF.

But the 707s need to be replaced by 1983 and even before the Bill to establish the new corporation went through Parliament, a committee under the chairmanship of Victor Bruce, Governor of the Central Bank, held hearings on which of the new generation of wide-bodied aircraft BWIA should buy. Representatives of Lockheed, McDonnell Douglas, Boeing and Airbus Industrie were required to make public presentations on behalf of their respective aircraft.

The nod was given to Lockheed's new L1011-500, fitted with Rolls-Royce RB211-524B engines. The corporation will need two of these by 1980 if it intends to compete on the transatlantic route in particular. One of the corporation's first tasks will be to initiate negotiations to acquire the large sums involved (about $TT 194.3m for the two).

Obtaining commitments for the money is not likely to be a difficult matter, however, since the Trinidad and Tobago Government's credit is good and six separate offers of finance from international banks have already been received.

Pilot morale

The new corporation will also have a difficult job trying to rebuild pilot morale in the light of the bad blood generated by the strike. Most of the pilots involved eventually went back to work, but were forced to accept conditions in many cases markedly inferior to the ones they enjoyed prior to the walk-out.

The present BWIA and TTAS establishment of 108 is expected to be absorbed by the new airline but another 83 pilots will still be needed by 1980. Finding them in a world where pilots have become increasingly scarce will test the recruiting skills of the company to the full.

This may especially be so when potential recruits learn that they will never be able to repeat this year's performance and go on strike again—at least, not legally. The Trinidad and Tobago Government has amended the law governing labour relations to make civil aviation an essential service, which means that the withholding of labour by pilots or others employed in such an industry is now forbidden.

NORTH AMERICAN NEWS

Tiffany's in merger talks with Avon Products

BY DAVID LASCELLES

NEW YORK, Nov. 22.

TIFFANY'S THE exclusive Manhattan jewellers, and Avon Products, the door-to-door sales cosmetics company, last night announced plans to merge, in a deal valuing Tiffany's at $104m. But the parties to this sudden and unlikely union refused to say what this would mean for their operations. Will Avon ladies begin offering Tiffany's silverware—or will Avon's costume jewellery appear on Tiffany's elegant Fifth Avenue counters?

Under the terms of the deal now under discussion, there would be a tax-free exchange of 0.845 Avon shares for every one of Tiffany's 2.3m outstanding shares. At the close last night, Avon shares were quoted at $53.12 and Tiffany's (which are traded Over The Counter) at $19.25.

According to Avon, the idea behind the deal is to diversify its operations by merging with a consumer business outside the direct-sales industry, and to expand the range of customers with whom it deals.

"The merger with Tiffany will enable Avon to meet both these objectives," Mr. David Mitchell, Avon's chairman and chief executive officer said.

Avon also stressed that Tiffany would remain an independent entity operated by its present management. Tiffany's chairman, Mr. Walter Hoving, would become a "substantial stockholder" of Avon, and he along with Tiffany's president, Mr. Henry Platt, would join the Avon board.

Asked if Avon would take over Tiffany's name for some of its products, Avon said that there were no plans to use it in the company's present direct selling business. He refused to speculate whether it might be used in a new line of business.

Avon, the world's largest cosmetics company, had export sales of $1.29bn for the first nine months of this year, up from $1.05bn last year. Earnings were $127.1m ($2.19 a share), up from $103.3m ($1.78). However, analysts hve noted a changing balance in Avon's business. As more housewives go out to work, door-to-door sales have become less effective. On the other hand, Avon's costume jewellery sales are now its fastest growing activity.

Tiffany's sales in the first six months were $28m, against $22.1m last year. Earnings were $1.9m (82 cents a share), compared with $818,000 (36 cents).

The company has five branches in the U.S., in addition to its Fifth Avenue store and headquarters. It also sells by direct mail, and supplies other retailers with silverware made at its New Jersey factory. Most of its jewellery is designed and made in workshops above the Fifth Avenue store, and these are shortly to be expanded, with the addition of three more floors. Tiffany's only overseas operation is in Japan.

Iacocca reshuffles Chrysler

BY JOHN WYLES

NEW YORK, Nov. 22.

MR. LEE IACOCCA, Chrysler Corporation's new president, has launched his first reorganisation of the company's top management by significantly broadening the responsibilities of his former colleague at the Ford Motor Company, Mr. Harold K. Sperlich.

Mr. Sperlich joined Chrysler as vice-president for product planning and design in March of last year, bringing with him a top-notch reputation as an automotive planner. On November 2, the day he took over as chief operating officer at Chrysler, Mr. Iacocca described Mr. Sperlich as "the most talented product planner in the industry," who had already produced some "absolutely fabulous" designs for the 1980-81 model years.

In his reorganisation, Mr. Iacocca has sought to group broad responsibilities for engineering, manufacturing and marketing among three executives. Thus, Mr. Sperlich has been given entire responsibilities for engineering as well as product development, while Mr. R. K. Brown, a board member and executive vice-president for North American automotive operations, is shedding his responsibilities for manufacturing and concentrating on product marketing in the U.S. and Canada.

Finally responsibility for manufacturing has been switched to another board member and executive vice-president, Mr. Richard Vining, whose engineering and product development brief has gone to Mr. Sperlich.

Messrs. Sperlich, Brown and Vining will all report directly to Mr. Iacocca who is clearly trying to simplify lines of responsibility as a means of tackling particular problems. At a Press conference at the beginning of this month, he made it clear that the auto industry's long lead times precluded him from making any significant impact on product design before the 1982 model year. Clearly, he and Mr. Sperlich will be working closely on product design, one of Mr. Iacocca's acknowledged strengths during his 32 years with Ford, and one of the first fruits of their partnership will probably be a new sports car design.

Sears Roebuck revives

BY STEWART FLEMING

SEARS ROEBUCK has reported a modest improvement in its third quarter profits and some recovery in its profit margins.

Third quarter earnings at $234.5m or 73 cents a share are slightly above the $225m or 71 cents a share for the same period last year. Sales revenues at $4.45bn are a little below the $4.54bn reported in last year's third quarter, suggesting that profit margins are already beginning to reflect the improvement the company is seeking.

Lance to have no role in FGB

By David Lascelles in New York

A GROUP of Arab investors who are waging a protracted battle here to take over a U.S. bank, Financial General Bankshares (FGB), have said that Mr. Bert Lance, President Carter's former Budget Director, will have no role in the running of FGB if the deal goes through. They also say that any loans needed to finance the deal will not come from affiliates of the London-based Bank of Credit and Commerce International (BCCI).

The assertions, which are clearly designed to counter FGB's main objections to the takeover attempt, appear in an application which the Arabs have lodged with the SEC to set up a bank holding company to act as the new owner of FGB if their bid succeeds. FGB has agued in court that the Arabs were acting as a front for BCCI and has questioned BCCI's competence to run a bank in the U.S. BCCI has always denied that it was involved in the take-over in anything other than an advisory capacity, as an agent for the Arabs.

In further eliminating any possible involvement by Mr. Lance, they also say that he would not be a shareholder in the two companies which have already been set up as vehicles for the take-over. These are Credit and Commerce American Holdings (CCAH), based in the Netherlands Antilles, and Credit and Commerce American Investment (CCAI), based in Holland.

Mr. Lance has played a prominent role in the much-publicised takeover bid so far, acting as paid advisor to BCCI which is pursuing the takeover on the Arabs' behalf.

Earlier this year it was revealed in court that his wife, Mrs. Labelle Lance, had bought just under 5 per cent of FGB shares along with four Arabs in the initial phase of the takeover attempt. This gave the group a total stake of just under 20 per cent in FGB, prompting the bank to seek a court order barring them from buying more. Under a subsequent settlement with the SEC in March, Mr. Lance and his Arab associates agreed either to sell their FGB shares or to make an offer for the remainder within one year at a price of $15 per share.

In their application the Arabs now state that it will cost them $70.6m to buy up FGB's stock at the agreed price.

At least $50m of this, they say, will come from their personal funds, and not more than $20m will be borrowed. Borrowings would be made from financial institutions with no affiliations with BCCI or any of its affiliates.

The application lists the shareholders in CCAH, parent of CCAI, as:

Sheikh Kamal Adham (24 per cent), relative of the Saudi royal family, government adviser and businessman;

Abdullah Darwaish (24 per cent), president of the United Arab Emirates, chairman of the Abu Dhabi Investment Company chairman of the ruler of Abu Dhabi's Department of Personal Affairs. He will represent Sheikh Mohammed Bin Zaid al Nayan, the son of the ruler of Abu Dhabi, who is still a minor;

Faisal Saudal Fulaij (12 per cent), former chairman of Kuwait Airways and director or chairman of several Kuwaiti companies, including the Kuwait International Finance Company, an affiliate of BCCI;

Mohammed Rahim Motaghi Irvani (5 per cent), of Iran, founder and chairman of the Melli industrial group;

Gulf Investment and Real Estate (5 per cent), a Kuwaiti land and construction company with interests in agriculture and farm machinery imports.

The remaining 30 per cent of the stock will be held by "other persons and entities" each with less than 5 per cent.

The application also states that Sheikh Kamal Adham and Faisal Saud al Fulaij will entrust their shares and voting powers to Mr. Stuart Symington, the U.S. senator who retired in 1976. The reason for this is not given.

The Arabs say that they view their interest in FGB as a long-term one, and intend to improve the bank's performance by giving it a more centralised and rational structure. "FGB has substantial unrealised potential for becoming more profitable, more competitive and better able to service its customers," they say.

They will replace the current chief executive officer as chairman of the Board, and they intend that a majority of the board will consist of U.S. citizens "of high standing and reputation."

U.S. QUARTERLIES

ACME-CLEVELAND

Fourth Quarter	1978 $	1977 $
Revenue	72.5m	58.6m
Net profits	3.9m	2.4m
Net per share	0.88	0.54
Year		
Revenue	289.5m	218.2m
Net profits	13.1m	4.8m
Net per share	2.96	1.08

OHIO EDISON

Year	1977 $	1978 $
Revenue	846.9m	779.9m
Net profits	88.0m	117.8m
Net per share	1.25	2.18

MGM'S CONTROLLING SHAREHOLDER

Gambling on the film industry

BY MAURICE IRVINE IN LOS ANGELES

Mr Kirk Kerkorian, who has announced that he is to buy a stake in Columbia Pictures, has made hotel and casino ventures the main plank of the recovery in the film industry. He hopes to develop similar operations in Europe

MR. KIRK KERKORIAN, who this week announced plans to make a tender offer for 1.75m shares—about 20 per cent—of Columbia Pictures' common stock, making him the company's largest single stockholder, is a financier who knows the value of debt. He is the ultimate buy-now, pay-later impresario.

From the tiny, leap-frogging airline he started on a shoestring after World War II to his takeover of Metro-Goldwyn-Mayer in 1969, "KK" has been a gambler. "I used to play blackjack," he admits. "Not any more."

Mr. Kerkorian has switched to larger games. But he remains that rare creature, an astute and usually a winning gambler, with a sharp eye for a multi-million dollar bargain. He gained control over MGM at a time when the ailing film company seemed destined for extinction. This year it reported record revenues and profits, and Kerkorian's holdings, purchased for around $100m, are today worth at least $250m.

Although the largest slice of MGM's profits comes from the immensely successful hotel-casino operations in Las Vegas and Reno, the company's film division, too, is flourishing again. MGM's earnings for the year ended August 31 were $49.3m, or $3.29 a share, up 49 per cent on the previous year.

For this, shareholders must thank Kirk Kerkorian. The son of an Armenian fruit vendor who came to the U.S. at the turn of the century, Mr. Kerkorian survived hard times as a youth in the 1920s in California's San Joaquin valley farmlands.

"KK" is sometimes compared with the late Howard Hughes. "I met Hughes many years ago, but there's really no similarity," says Kerkorian. "I'm an extrovert—comparatively speaking—with a family and a close circle of friends. I like to play tennis, to get out and about."

A lean, trim and youthful-looking 60 years, Kerkorian is, however, a taciturn man who avoids the Press and has a Hughes-like penchant for airlines, casinos, and startling deals.

He is a man who seems to enjoy tight squeezes. After selling off his shares in Transamerica in 1969 for $108m, Kerkorian bought control not only of MGM, but also of Western Airlines and two major hotel-casinos which he put under the umbrella of "International Leisure Corporation."

The rapid expansion ran him heavily into debt. Loans had come from Bank of America (an unsecured $73m) and the euro-dollar market, where he borrowed $72m, part in West Germany and part from the London-based Burston and Texas Bank.

Debts, deterioration of capital markets, unexpected problems with MGM and Western, put Kerkorian on the spot. In 1970, he seemed headed for a mighty fall. The combined value of his stock in MGM, Western and International Leisure had slipped from $489m to $90m.

But Kerkorian rode out the storm, selling his Vegas mansion, his private $4m DC9 jet, his International Leisure stock and other items. At this low point in his career, he embarked on the biggest gamble of all, the building of the grandiose, 2,081 room MGM Grand hotel-casino in Vegas.

MGM's film work was cut to the bone and many famous properties were sold off, from Judy Garland's shoes, worn in the "Wizard of Oz" to the studio's backlot. Kerkorian sold much of his interest in Western and managed to obtain another loan from the Bank of America, $25m this time.

The gamble, of course, paid off. The MGM Grand became Kerkorian's money machine, and last May he added the Reno MGM Grand to the casino operation, with Cary Grant doing opening honours. The $150m hotel was a success from day one, operating at 95 per cent of capacity. Together, the hotel-casino division produced pre-tax income of $56m on revenues of $219m. And MGM, which did not pay a dividend in the first four years of KK's reign (until the Vegas grand opening in 1973) is now disbursing 28 cents a share.

Kerkorian has given a rather seedy lion something to roar about. Buying into Columbia won't lessen his commitment to MGM, says the financier, who denies he plans to seek working control over the New York based company.

Nevertheless, the purchase, if it goes through in January, will make him one of the more powerful figures in the film industry.

What next for Kerkorian? Expansion, of course. He's already working on a deal with Hilton Hotels to build jointly two casino-resorts in Atlantic City, the new American gamblers heaven, and he recently sold 500,000 shares of MGM, mainly in Europe, for $24.5m.

Kerkorian says he wants to move into hotel-casino operations in Europe "some time in the future," and the sale will help MGM qualify on European stock exchanges.

RESULTS IN BRIEF

Earnings rise at Hughes Tool

NEW YORK, Nov. 22.

NET EARNINGS of the well drilling bits and joints company **Hughes Tool** for the first nine months of the current financial year rose sharply from $1.22 a share to $2.01 a share, while another drilling equipment concern, **Baker International**, advanced from $2.12 a share to $2.67 a share for the same period.

Also for the nine months, cargo container rental company **Sea Containers** moved ahead from $2.38 a share to $2.79, **Monarch Machine Tool** jumped from $2.27 to $4.35, and shoes, tools and building materials concern **McDonough Company** advanced from $1.38 to $1.65.

Three stores groups scored convincing gains for the nine months. **Albertsons Incorporated** rose from $2.23 to $3.50, **Mercantile Stores** advanced from $2.54 to $3.43, and **Wal-Mart Stores** moved ahead from 96 cents to $1.22. **Associated Dry Goods**, another stores concern, declined sharply from 90 cents to 22 cents.

Another department stores group, **R. H. Macy and Company**, rose from $1.22 to $1.27 for the first quarter, and also for the first quarter pulp and paper concern **Brown Company** advanced from 12 cents to 87 cents.

For the full year, **Browning-Ferris Industries** lifted per share earnings from $1.04 to $1.31.

Agencies

Merrill Lynch to diversify

By Our Own Correspondent

NEW YORK, Nov. 22.

MERRILL LYNCH, the largest brokerage house in the U.S., has taken a further step to diversify into real estate services with the $15m acquisition of two mortgage banking, brokering and servicing businesses.

Talks which were disclosed at the end of August have resulted in Merrill Lynch agreeing to buy two subsidiaries of Huntoon Paige.

EUROBONDS

Norway issue for French franc sector

BY FRANCIS GHILES

THE fourth French franc-denominated bond since this sector's recent re-opening is expected shortly: Société Générale will be arranging an issue for Norway.

The prices of the first two issues floated after the sector reopened have improved since they came onto the secondary market: the EIB issue is currently being quoted at 98½-99, while the Unilever bond is trading at 99½-100. Demand for the third issue, for ELF Aquitaine, which has not yet been priced, is said to be good, with the Japanese showing keen interest, as they have in the other issues.

Activity in the secondary market is not, however, very great, but its steadiness is underpinned for the time being by the good performance of the franc on the foreign exchange markets. The high coupons are another incentive to investors. The fall in French franc interest rates is also helping. Overnight rates stand at 6¾ per cent, their lowest in over two years.

The dollar sector was a shade easier yesterday, with many prices off by about a quarter of a point in what dealers describe as very professional trading.

The KD7m issue for the Banque de Developpement Economique de Tunisie has been priced at 99½ with conditions otherwise unchanged.

● The prices of Deutsche-Mark denominated bonds quoted in the International Bond Service in today's Financial Times reflect Tuesday's quotations. The major German centres were closed yesterday because of a public holiday.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on November 22

U.S. DOLLAR STRAIGHTS (Issued, Bid, Offer, Change on day, Change on week, Yield)

[illegible]

YEN STRAIGHTS

Yen Straights	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bk 5⅜ 84	15	97½	98¼	−0¼	−1	6.04
Australia 6.8 80	50	100⅞	101⅞	0	−0⅛	6.58
BFCE 6.4 90	30	96½	97	−0¼	−0¼	6.96
Eurofima 6.3 90	10	†98	98½	−0¼	−0⅛	6.61
Finland 6.7 85	25	97½	98½	0	−0¼	7.10
Norway 5.7 83	25	102⅜	103⅜	+0⅛	−0⅛	5.06
Oslo, City of 6.6 90	15	97½	98	0	−0⅛	7.02
SNCF 6.8 90	20	96½	97½	0	−1⅛	7.06
Sweden 6.3 90	40	95½	96½	0	−0⅛	6.89

OTHER STRAIGHTS (Issued, Bid, Offer, Change on day, Change on week, Yield)

[illegible]

FLOATING RATE NOTES (Spread, Bid, Offer, C.dte, C.cpn, C.yld)

[illegible]

DEUTSCHE MARK STRAIGHTS (Issued, Bid, Offer, Change on day, Change on week, Yield)

[illegible]

SWISS FRANC STRAIGHTS (Issued, Bid, Offer, Change on day, Change on week, Yield)

[illegible]

CONVERTIBLE BONDS (Cnv. date, Cnv. price, Bid, Offer, Chg. day, Prem)

[illegible]

Convertible bonds	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Jusco 3¾ 86 DM	1/79	1276	†98	99	+0¼	13.57
Konishiroku 3½ 85 DM	1/79	612	†97½	98½	+0⅝	4.33
Marudai Food 3½ DM	2/79	1033	†104	105	+0¼	12.82
Murata Man. 3½ 86 DM	11/78	854	†97½	98½	+1½	3.44
Nippon Air 3½ 85 DM	12/78	508	†93½	94½	0	4.82
Nippon Shinpan 3½ DM	8/78	738	†119½	120½	−0¼	0.26
Nissan Diesel 3½ 88 DM	2/79	477	†97	98	−1	11.24
Olympus Optical 3½ 85 DM	2/79	783	†97	98	−0⅛	−8.67
Ricoh 3½ 86 DM	10/78	617	†102½	103½	−0⅛	12.55
Sankyo Electric 3½ DM	8/78	869	†117½	119	+1½	11.30
Sanyo Electric 3½ DM	11/78	295	†93½	94½	+0⅛	3.83
Seiyu Stores 3½ 86 DM	9/78	1275	†114½	115	−0⅛	−1.90
Stanley Electric 3½ DM	11/78	823	*96½	97½	−0⅛	8.36
Trio-Kenwood 3½ 86 DM	11/78	712	†94	95	−0⅛	8.52

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M = Minimum coupon. C.date = Date next coupon becomes effective. Spread = Margin above six-month offered rate for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTL. FINANCIAL AND COMPANY NEWS

Volvo is 64% ahead on first three quarters

BY WILLIAM DULLFORCE

STOCKHOLM, Nov. 22.

VOLVO continued its profit recovery during the third quarter with a substantial improvement in the return from its cars and an increased income from trucks. The Swedish car company today reported pre-tax earnings of Skr 539m ($122.6m) for the first nine months, nearly 64 per cent ahead of the corresponding period last year.

Group turnover climbed by 18 per cent to Skr 13.48bn ($3bn) with sales outside Sweden increasing by 26 per cent to Skr10.2bn, lifting the proportion of foreign sales to 75 per cent against 71 per cent for the first nine months of 1977. Sales in the domestic market rose by only 1 per cent to Skr 3.3bn.

The Skr 539m profit after financial income and charges represents four per cent of sales compared with 2.9 per cent for the corresponding period last year. The third quarter profit of Skr 144m is Skr 95m ahead of the third quarter profit last year, indicating that the pace of the earnings gain over last year is accelerating.

Adjusted earnings per share are given as Skr 14.30 against Skr 8.70 for the first nine months of last year and Skr 12.30 for 1977 as a whole.

Volvo makes no final earnings forecast for the year, as a detailed prospectus on the sale of 40 per cent of the company to Norway is expected to be issued to shareholders before Christmas, but 1978 earnings are already well ahead of the Skr165m recorded in 1977. Mr. Pehr Gyllenhammar, the managing director, would not comment on the Norwegian negotiations today but stated that a final agreement should be ready by the new deadline of December 8.

The Norwegian Government's recent announcement that it had arranged for the three leading Norwegian banks to subscribe to half the share capital of the Volvo (Norway) holding company has advanced the talks one step further. Several obstacles involving taxation, oil supplies for Sweden and the reservations of the Swedish shareholders to the Norwegian state interest remain to be solved.

Volvo sold 205,000 cars during the first nine months, giving an increase of more than 16,000 to markets outside Sweden and a drop of 7,000 in sales to the home market. Progress has been good enough for the production programme for 1979 to be pitched at 300,000 cars.

The order intake for trucks was larger during the first three quarters than during the corresponding period last year with the order stock at the end of September at the same level as a year earlier. Volvo's share of sales is reported to have increased on almost all the truck markets.

Volvo BM, which makes construction, farm and forest machinery, and the marine and industrial engine units operated at a loss. The engine operations have sustained considerable costs from the reorganisation of the Uppsala factory, while Volvo BM is starting negotiations on co-operation with Valmet, the Finnish tractor and forest equipment manufacturer.

At the end of September the Volvo group held liquid assets of SKr 2.2bn, an increase of SKr 348m from the beginning of the year. Investments in fixed assets amounted to SKr 431m during the period against SKr 402m.

Brown Boveri in Korea turbo power venture

By John Wicks

ZURICH, Nov. 22.

THE SWISS engineering concern, Brown Boveri, is to hold a 49 per cent stake in a new South Korean venture called Daewoo Electric Company, which is to manufacture power station equipment. The partner in this joint operation will be Daewoo Heavy Industries of Seoul.

Complete steam turbine aggregates will be produced for oil-fired or nuclear power stations under a 12-year licence agreement with Brown Boveri. Manufacturing will start in existing factories of Daewoo, but the construction is foreseen of a $130m plant in the Chang Wong industrial zone. This new plant should start up in about three years' time.

South Korea has an ambitious programme for the building of new power stations, and Brown Boveri last year booked a large order for three turbo-groups for the thermal power station of Ulsan. Locally-based production will obviate the difficulties caused by exchange rate shifts in exports from the Swiss or German plants of the Brown Boveri group.

The company also plans to set up a new division next year to handle its North American activities.

Until now, the Brown Boveri concern has consisted of its Swiss, German and French divisions, the Brown Boveri international group, and a group consisting of medium manufacturing companies.

Debt refinancing worries Brazil

BY JOHN EVANS

BRAZIL has encountered stiff resistance from international banks in its efforts to refinance, on more favourable terms, part of its overseas commercial debt.

The majority of the banks participating in a $250m Euromarket syndicated loan for Electrobras have turned down a request by the Brazilian state electricity agency for a restructuring of the credit.

According to sources close to the transaction, most of the eight managers of the loan, and members of the overall syndication, have decided to block the Electrobras request.

The loan agreement for the $250m credit arranged last year stipulated that any amendment in terms and conditions had to be subject to the unanimous consent of all the participating banks.

Electrobras had been aiming to negotiate the loan on the basis of revised terms calling for a maturity of up to 12 years compared with the original seven-year term. At the same time, the Brazilian agency wanted reduced spreads of between 1⅛ and 1¼ per cent compared with margins of up to 2¼ per cent previously.

The management group for the loan comprised Bank of America, Dresdner Bank, Banco do Brasil, Chemical Bank, WestLB International, Continental Illinois, DG Bank and Eurobraz.

It is now assumed that Electrobras will decide to prepay the loan ahead of schedule, taking advantage of Brazil's relatively strong international position at present. Brazil's currency reserves stand at about $11bn.

Bankers are closely monitoring the Electrobras situation, as the negotiations are regarded as a test case for possible similar restructurings by the Brazilian public sector.

The Brazilian steel concern, Acominas, has already indicated that it would like to restructure a similar $505m loan package arranged in March, 1977.

Diana Smith adds from Rio de Janeiro: Brazil's central bank has, for the first time, published a full country-by-country breakdown of its foreign debt. On March 31 this year, the date used by the central bank report as a reference for its breakdown, the total debt stood at $34.63bn.

By the end of 1978, the gross debt is expected to reach $40bn—offset by foreign reserves now estimated at over $11bn.

Included in the foreign debt figure are bank loans and loans from institutions like the World Bank. Brazil is unusual in that it includes in its foreign debt figures loans to the private sector as well as the public sector. As Brazil is always keen to point out, this means in particular that inter-company loans to the Brazilian subsidiaries or affiliates of foreign companies are counted as debt, whereas, in many cases, they should more realistically be classed as long-term investment.

The attempt by the Government to reduce the impact of such loans by providing incentives for foreign parent companies to convert them into investment has had only partial success.

Banks and other institutions in the UK (mainly non-British banks in London) were last March responsible for 22.4 per cent or $7.75bn of the $34.6bn debt total. Of this portion, $7.14bn was in the form of Eurocurrency loans. Institutions in the U.S. are owed $5.6bn, 16.2 per cent of the total, while the bulk of the $5.33bn owing to institutions in the Bahamas may also be assumed to reflect debt owed to U.S. institutions.

Loans from the Interamerican Regional Development Bank and the World Bank group totalled $2.5bn on March 31, while those from bodies like the Canadian Wheat Bank, National Bank of Denmark, the Export-Import Bank of the U.S., Export-Import Bank of Japan, West Germany's Kreditanstalt, and others totalled $2.34bn.

Meanwhile, loans from commercial banks in West Germany and Japan totalled $2.25bn and $2.38bn respectively. Both West Germany and Japan are increasingly involved, through joint ventures and equipment supplies, in major Brazilian state projects as well as local branches of their major companies.

French bond interest rate fall continues

PARIS, Nov. 22.

THE RECENT DECLINE in interest rates on bonds floated on the French capital market will continue next week when an issue for SNCF, the state railway authority, comes on the market.

For an overall amount of FFr. 900m, SNCF is offering to pay interest at 10 per cent, down from the 10.10 per cent coupon offered on a bond issue floated for the state-run lending institution Credit National this week.

Last week the French Post office floated FFr. 850m of bonds bearing a 10.20 per cent coupon.

The SNCF bonds have a maturity of 17 years and offer a gross yield at issue date of 10.03 per cent compared with 10.15 per cent for the post office issue floated on November 13.

As reported on Tuesday, the finance company Société Financière Sofal is to float FFr. 75m bonds on the local market on Monday. The bonds will bear a coupon of 10.10 per cent up to maturity in 1999. Gross yield at issue date is 10.38 per cent.

The Paris regional authority will also float a FFr. 300m issue on Monday. Terms of this issue are not yet known.

Agencies

EIB flotation in Austria

VIENNA, Nov. 22.

The European Investment Bank plans to float a Sch 500m ($35.6m) bond issue on the capital market here next month.

Conditions are still under discussion and will be announced closer to the issue date.

The EIB bond does not mean that Austria is opening its capital market to foreign borrowers, but simply continues a policy of permitting loans by foreign institutions which are directly involved in investment in Austria.

Oesterreichische Laenderbank will float a Sch 800m bond issue in three tranches here shortly.

Two tranches of fifteen and eight years will both be issued at 7.75 per cent with a 100.25 per cent issue price, while the third will bear a coupon of 7.5 per cent over six years and be issued at 99.9 per cent.

Reuter

Currency upset cuts investment trust dividends

By Our Own Correspondent

ZURICH, Nov. 22.

DIVIDENDS of four Swiss investment funds administered by the Union Bank of Switzerland affiliate, Intrag, will be reduced for the financial year ended October 31 as a result of the effect of the monetary situation on Swiss franc earnings.

Payments will be cut back to SwFr 4.10 from SwFr 4.40 per certificate for the Eurit investment trust for European Shares, to SwFr 6 from SwFr 8 for the Espac investment fund for Spanish shares, to SwFr 2.80 from SwFr 3.40 for the Germac investment fund for German shares, and to SwFr 3.20 from SwFr 3.60 for the Itac investment fund for Italian shares.

Among other Intrag funds specialising in foreign stocks, the France investment trust for French shares will pay an unchanged dividend of SwFr 3 per certificate, exchange rate losses having been compensated for by increased dividend earnings. Profits of Rometac-Invest, a fund for international raw material and power company stocks, also performed well, especially due to the strengthening of the position in South African goldmine securities: despite currency translation losses, certificate holders living in Switzerland will receive an unaltered SwFr 8.20 per certificate.

Dividends of two domestic funds—Sima Swiss Real Estate Investment Fund and Helvetinvest Investment Fund for fixed-interest Swiss securities—will be cut to SwFr 7.50 from SwFr 7.80 and to SwFr 4.80 from SwFr 5.30 respectively. Profitability of Helvetinvest was reduced by the lower coupons of new bonds subscribed and by the cutting of interest rates in conversion issues. Sima, whose business year ended on September 30, suffered from lower interest levels.

Fiat to go ahead with plant closures next month despite union opposition

TURIN, Nov. 22.

FIAT WILL go ahead with its plans to shut down several commercial vehicle plants for 4-5 weeks beginning in December, despite trade union disagreements over the action.

The company seeks to idle about 12,000 workers because slackened sales have boosted truck stocks to near-capacity levels. The company will continue negotiations with the unions but definitely plans to make the shutdowns.

Paid holidays will account for one week of the production halts, while state-subsidised layoffs will make up the remaining 3-4 weeks. The shutdowns will begin on December 11 in the plant in Milan, and on December 18 at the four factories in Turin.

Unions accept in principle the need for the shutdowns, but seek firm guarantees that workers will be taken back, and have several disputes over holidays.

In the first half of 1978, sales of all commercial vehicles dropped by 20 per cent from the same period of last year, while the decline reached 40 per cent for heavy trucks. A Fiat official said that the domestic market has been hurt by the continuing crisis in the construction industry, and a slowdown in investments in other sectors.

AP-DJ

Tally cool on Mannesmann

KENT, Nov. 22.

TALLY CORPORATION said that previously reported talks with Mannesmann of West Germany on the acquisition of control of Tally by Mannesmann are not being actively pursued.

EUMIG DISMISSALS

An unhappy precedent

BY PAUL LENDVAI IN VIENNA

BY AUSTRIAN standards, the sudden dismisal of a thousand workers by one company is wholly unprecedented. Yet this is the size of the redundancies just announced by Eumig, the major film projector and cine-camera producer. Long regarded as one of the most successful companies in the country, it is now suffering from high labour costs and the aftermath of the dollar's collapse.

With a turnover estimated at Sch 1.5bn (about $106m) and a total labour force of some 7,000 before the lay-offs, Eumig ranks as the world's largest in the projector field and is also well up among cine producers. It is privately owned by two families headed by Karl Vockenhuber, who acts as general manager, and Raimund Hauser.

Founded in 1919, the company originally turned out lighters and cookers, but later switched to the manufacture of wireless and television sets, as well as cameras and projectors. After production of TV and radio sets was ended, Herr Vockenhuber concentrated the company's resources on the projector and camera sector. As a result, output jumped from 130,000 projectors and 30,000 cameras in 1965 to 220,000 projectors and 90,000 cameras in 1970. Last year, Eumig produced 452,000 projectors and 168,000 cine-cameras.

According to figures listed by the Austrian economic monthly "Trend," Eumig is the world's number-one maker of projectors, with an average market share of 20 per cent in most European countries and as much as 60 per cent in Britain.

Herr Vockenhuber told the Press after a meeting with trade union representatives and Cabinet members that a 26.5 per cent rise in labour costs during the last two years and the 32 per cent appreciation of the schilling against the dollar were the main reasons for the large-scale redundancies.

It is also admitted, however, that a major co-operation project with the Polaroid concern of the U.S. had run into serious difficulties. Under the agreement, concluded in January 1976, Eumig manufactures instant cameras and projectors. The management now puts the blame on Japanese competition and also to some extent on the special value added tax levied since last January on consumer durables and so-called "luxury goods" in Austria.

Citing the steep rise in labour costs and the slide in the dollar as the main reasons for its decision to dismiss a seventh of its workforce, Eumig also admits that its joint venture with Polaroid of the U.S. has come severely unstuck

But it is also evident that the company misjudged the market potential for instant cameras. Thus as recently as last summer, 650 workers were hired and special shifts were introduced on Saturdays in order to cope with the likely Christmas business. The overnight sacking of 1,000 employees, with women accounting for about 80 per cent of the labour force in the two plants at Fuerstenfeld and Wiener Neudorf, came therefore as a serious shock.

Eumig has been seen as a particularly forward-looking firm not only in the field of research, but also in labour relations. It introduced the 40-hour working week back in 1956, at a time when most other Austrian factories operated on a 48-hour basis.

Herr Vockenhuber quickly responded in 1976 to the proposal of the Socialist Chancellor, Dr. Bruno Kreisky, to set up a machinery plant in the depressed Fohnsdorf area where uneconomic pits had to be closed down. The plant erected at an investment cost of Sch 500m—half of which was provided through various federal and subsidised funds—today has a labour force of 300 and is regarded as a successful experiment in the retraining of redundant miners.

Nevertheless, the way in which the management handled the redundancy problem has been criticised in the Press. The issue may yet spark off massive demands for appropriate legislation. The Chamber of Labour has already demanded that family-owned enterprises above a certain size and capital should also be subject to some kind of obligation over their financial accounts.

Eumig is, of course, heavily export-oriented: foreign sales account for 95 per cent of the turnover total. Its Zurich-based holding company, Immatra operates 12 sales outlets in Europe and the U.S. Furthermore, the company is also reported to have taken over a controlling interest in Bolex International SA of Yverdon in Switzerland, with subsidiaries in France and Germany.

The massive labour reductions being put through by Eumig have served to highlight the differing political attitudes to investment in Austria. The Socialist government claims, on the one hand, that it is doing everything possible to promote investments. But the opposition People's Party sees the company's decision as proof that the government has its financial and taxation priorities all wrong.

Between June 1977 and the same month this year, employment in industry fell by 12,000 people to 616,000. One economic commentator was moved to comment pointedly that Austria could not afford to become a country of ski instructors and hotel maids.

Banca Popolare buys 45% stake in Swiss bank

By Our Own Correspondent

ZURICH, Nov. 22.

THE ITALIAN banking co-operative, Banca Popolare di Novara, has acquired a 45 per cent stake in Depositen-und Effektenbank AG, of Zurich. The Zurich bank, which has a share capital of SwFr 5m and a balance sheet total at the end of 1977 of SwFr 32m ($18.6m), specialises in stock dealings and portfolio management. It is licensed by the Zurich Bourse as an over-the-counter securities dealer. The remaining 55 per cent of its capital belongs to the property finance company Interprogramme Holdings SA of Chiasso.

Banca Popolare di Novara, Europe's biggest banking co-operative, has 37 branches in Italy and seven representative offices abroad, including one in Zurich. Deposits amount to L5,266bn and equity to more than L207bn. Its acquisition of a substantial shareholding in Depositen-und Effektenbank is seen as permitting the latter to expand and diversify its activities considerably.

CLIVE INVESTMENTS LIMITED

1 Royal Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101.

Index Guide as at November 21, 1978 (Base 100 at 14.1.77)

Clive Fixed Interest Capital	128.99
Clive Fixed Interest Income	113.69

ALLEN HARVEY & ROSS INVESTMENT MANAGEMENT LTD.

45 Cornhill, London EC3V 3PB. Tel.: 01-623 6314.

Index Guide as at November 16, 1978

Capital Fixed Interest Portfolio	100.14
Income Fixed Interest Portfolio	100.01

VONTOBEL EUROBOND INDICES

14.5.76 = 100%

PRICE INDEX	21.11.78	14.11.78	AVERAGE YIELD	21.11.78	14.11.78
DM Bonds	104.75	104.91	DM Bonds	6.616	6.592
HFL Bonds & Notes	99.95	100.26	HFL Bonds & Notes	8.374	8.307
U.S. S Strt. Bonds	96.71	96.01	U.S. S Strt. Bonds	9.381	9.520
Can.-Dollar Bonds	95.59	94.41	Can.-Dollar Bonds	10.757	10.521

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Australia in Y50bn Tokyo bond issues

By Charles Smith

TOKYO, Nov. 22.

AUSTRALIA WILL issue a total of Y50bn (equivalent to over $250m) of Japanese currency denominated bonds in the Tokyo market in December, it was announced today. The total consists of Y20bn of bonds to be issued with a ten-year maturity period and Y30bn of bonds which will mature over five years.

Australia will be the first foreign government to make two simultaneous but separate issues in the Tokyo capital market.

The 10-year maturity bonds will carry a 6.5 per cent coupon rate and will be priced at 99.25, producing a yield to subscribers of 6.642 per cent (on the Japanese formula). The five-year issue will be priced at 99.75 with a coupon rate of 5.6 per cent (yield to subscribers 5.684 per cent).

Australia opted for the double issue because of the current strength of the Tokyo market for short- and medium-term bonds and the weakness of the long-term market. Its original intention is thought to have been to float a single issue with a maturity period of at least ten years (the normal maturity period for foreign yen-denominated bond issues in the Tokyo market).

The terms of the five-year Australian bond are the same as those for a Norwegian Government bond due to be floated later this month.

The two issues will be underwritten by a syndicate of 37 Japanese and foreign companies with Nomura Securities as the lead manager.

The two yen-denominated bond issues represent the final portion of a Y130bn borrowing operation which began last month when Japanese banks arranged two syndicated loans for Australia—for Y40bn each. Australia has concentrated its international borrowing in Tokyo during the fourth quarter of 1978 after borrowing in Europe during the third quarter. No comment was available from the Australian Embassy in Tokyo this afternoon on borrowing plans

Capital spending down

NEW CAPITAL expenditure by private enterprises in Australia eased to A$1.97bn (U.S.$2.3bn) in third quarter 1978 from A$2.06bn in the second quarter, against a year-earlier A$1.59bn, the Statistics Bureau reported.

However, preliminary estimates of fourth quarter expenditure is put higher at A$3.34bn.

Reuter

Zambia loan falls short of target

BY MICHAEL HOLMAN

LUSAKA, Nov. 22

CITICORP INTERNATIONAL, which in September this year formed a management group for a seven-year Zambia loan, has fallen between US$50m and US$60m short of its US$120m target, according to banking sources here.

The shortfall is seen by bankers as a reflection of continuing international concern about the state of the copper-dependent Zambian economy, although senior Government officials argue that the country's copper and cobalt prospects have been under-estimated by the market.

The prolonged slump in the price of copper, which provides over 90 per cent of Zambia's export earnings, combined with transport and production problems, has exhausted foreign exchange reserves, led to K500m ($586m) arrears in payments for imports and remittances of profits and dividends, and left the industrial and manufacturing sectors severely run down. Zambia's front-line role in the Rhodesian conflict has added to these difficulties, and President Kaunda's disclosure this week that Zambia intends to buy more arms in the wake of Rhodesian incursions will dismay potential investors.

Efforts to boost the economy began in March this year with a $390m International Monetary Fund (IMF) two-year credit programme. But weak middle management in Zambia's civil service and the state-owned industries raises doubts about the country's capacity effectively to utilise foreign aid.

These factors have prejudiced Citicorp's efforts and the loan is likely to total between $60m and $70m. Participating banks include Standard and Barclays, with $15m each, Grindlays ($2m), Citibank ($15m) and Chase Manhattan ($15m). Interest is at a margin of 2 per cent over inter-bank rates.

The loan will find transport, chemical and agricultural projects. The first half of the loan, say banking sources, is expected to be drawn in January, and is conditional on a satisfactory outcome to the IMF review of its Zambia programme. A further 25 per cent of the loan, on the same condition, will follow the March, 1979 review, and the balance will be drawn after the June review.

An IMF team is currently in Lusaka assessing the economy's performance during the quarter ending September. An important feature of the IMF programme was a series of targets for the reduction of arrears. The September 30 limit was put at K432m, to be reduced to K[illegible]m by December 31 1978. However, these targets will not be met.

Delays in copper receipts resulting from transport problems on the Tanzania-Zambia railway and congestion at the port of Dar es Salaam have resulted in arrears climbing to a record K500m. Government and banking officials hope that the re-opening of the southern route, which will carry some 30,000 tonnes of copper a month, will improve the flow of foreign exchange.

YAOHAN DEPARTMENT STORE

A Japanese rise in Singapore

BY CHARLES SMITH, FAR EAST EDITOR

A medium-sized Japanese department store, Yaohaw, began its policy of "visiting the world" in 1970 by expanding overseas in Brazil. Four years later the store opened in Singapore where it is now one of the biggest retail distributors.

YAOHAN IS a medium-sized Japanese department store group, which originated nearly 50 years ago with one family store in a seaside resort south-west of Tokyo. It also happens to be a company set on making its name by overseas investment.

"Our policy is to unite the world through our department store chain," Mr. K. Wada, the president, says. His father established the original Atami greengrocery in 1930.

Yaohan began "uniting the world" in 1970 when Mr. Wada went to San Paulo in Brazil. He took a poor view of the retail distribution there and decided Yaohan could do better. It now has five Brazilian stores, but Brazil does not rank as the chief Yaohan success story.

What has "exceeded all expectations" according to Mr. Akira Sanoh, the man in charge, is the way Yaohan has been growing in Singapore since the company decided to set up shop there in 1973 at the invitation of the Development Bank of Singapore (a government-controlled long-term development financing entity).

Yaohan's arrival in Singapore was the result, to put it bluntly, of the DBS having failed to persuade other larger and better known Japanese store groups to establish themselves there. The DBS, as one source puts it, was "desperate" to find a main tenant for a shopping complex it had built in Orchard Road (now Singapore's busiest and most fashionable shopping street).

It asked the Nomura Research Institute (a subsidiary of Nomura Securities) to look for a likely candidate and NRI came up with Yaohan's name after Daiei, the number-one Japanese chain store company, had considered the Orchard Road site and rejected it.

Yaohan was formally approached by DBS to fill the gap left by Daiei in February 1973 and was in business in the Orchard Road complex (known as Plaza Singapura) a mere 20 months later. Today the company has two department stores in Singapore and is on the point of opening a third. This makes it either the biggest or second biggest retail distributor in the island Republic (depending on whose expansion plans are leap-frogging over whose at any particular moment, according to Mr. Sanoh).

The original Orchard Road store is "saturated" by queues for places in its 750-vehicle car park at weekends. Police had to be called in to control the crowds when the second store opened last spring.

Turnover in Singapore was about 20 per cent of parent company turnover in Japan in 1975 but is growing faster.

Why did a Japanese department store group find the key to success in Singapore when other companies (both Singaporean and British) had been there so much longer? The answer, says Mr. Sanoh, is that Yaohan filled a gap caused by the emergence of Singapore's new middle class.

Existing stores were either "high class" supermarkets catering for expatriates or traditional Chinese emporia offering discounts to favoured clients.

Yaohan sells at fixed, medium level, prices and stays open every night till 9 p.m., thereby solving the problem of working Singapore women who cannot shop in open air markets because these run out of produce long before the end of normal office hours.

Goods come from the entire world, with Japanese apples alongside New Zealand apples in the fruit department. Almost all the shoppers are local Singaporeans. Only 10 per cent of the Orchard Road store's turnover is accounted for by tourists, although the number of foreign visitors who flood into Singapore every year is now about two-thirds the number of people who live on the island.

Yaohan Singapore is a locally-controlled joint venture with the DBS. A Government holding company owns 25 per cent of the shares and another 30 per cent are in the hands of Singapore-based companies (including a local affiliate of Nomura Securities).

The chairman is an official of the Foreign Ministry. "they insisted we have someone from the Singapore side," Mr. Sanoh says, and the entire staff of just over 1,000 administrators and sales people includes only ten Japanese.

Despite this, Yaohan's style of management is unmistakably Japanese, not Singaporean. The staff meet every morning at Orchard Road for a pep talk and physical jerks before opening the shop for the day's business.

A notice posted in the corridor of the administrative offices on the sixth floor of the Orchard Road building informs staff members of the "correct attitude for the month."

In the office of Mr. Sanoh is a small Shinto shrine flanked by pictures of the founder and present chairman of the Yaohan Group, where the managing director offers up prayers every morning for a successful day's business.

Mr. Sanoh is hardly a typical department store manager, having trained as a mechanical engineer in Japan and the U.S. He worked 15 years for a textiles company which he left after it was taken over by a larger concern.

As he sees it, Yaohan is seeking the same path to success that was formerly trodden by Sony Corporation—by expanding outside Japan rather than taking on the giants in its own domestic market.

"We are a small concern so we can take decisions quickly," Mr. Sanoh says, recalling the time when his chairman visited Brazil and decided on the spot to open a store.

Yaohan's next moves will be into Costa Rica and Fresno, California (in the former case because a friend of the chairman came back from a trip and suggested opening there).

At this rate the Yaohan symbol of a globe encircled by the company's name may become well known around the world long before it is really familiar in Japan.

Fraser and Neave raises profits

By H. F. Lee

SINGAPORE, Nov. 22.

FRASER AND NEAVE has reported a 19 per cent increase in group post-tax profit to S$10.3m (US$4.6m) for the six months to September. Turnover of the group, which is the biggest beverage and brewery group in Singapore and Malaysia rose by 16 per cent to S$88.5m (US$40m).

The main impetus for the improved performance came largely from the parent company's own operations, which comprise mainly soft drink manufacturing, rather than from association companies, which are largely involved in the brewery business. This is reflected in the 24 per cent rise to S$10.5m in group pre-tax profit excluding the income of associate companies. The group's share of net income of associate companies, on the other hand, rose at the slower pace of 11 per cent, to S$7.5m.

Fraser and Neave has increased its recommended gross interim dividend payment from 6 per cent previously to 8 per cent. However, it explained that the increased dividend payment is primarily intended to reduce the disparity between interim and final payments and therefore does not imply that an increased total distribution will be recommended for the year to March.

New Singapore gold futures exchange opens

SINGAPORE, Nov. 22

CONTRACTS FOR gold worth more than US$2m changed hands in the first day of trading on Singapore's new gold futures exchange, officials of the exchange reported.

Elated officials watched as dealers shouted their opening bids and offers across the trading room sited on top of a 23-storey harbour-side office block.

Officials said the exchange was the first in the Asia-Pacific region to operate a comprehensive gold futures market open to international investors.

A similar market in Sydney which started in April this year is limited to Australian investors while the dominant Asian gold market in Hong Kong deals mainly in physical gold rather than paper contracts.

The opening of the Singapore exchange marked four years' effort by the Republic's rubber broking community to win official approval for diversification of their business into gold.

Dealers said the first day's business was fairly quiet, but beter than expected.

Reuter

WORLD STOCK MARKETS

Slightly firmer early Wall St. tendency

INVESTMENT DOLLAR PREMIUM

\$2.60 to £1—84½% (85½%)
Effective \$1.9465 38½% (38¾%)

AFTER A slightly easier start, Wall Street edged forward in quiet pre-holiday trading early yesterday, but the leaders were beginning to slip back again around mid-session.

The Dow Jones Industrial Average after an improvement of

Closing prices and market reports were not available for this edition.

3.28 to 807.79 at noon, eased back to 805.79 at 1 pm for a net gain of only 1.74. The NYSE All Common Index managed to hold a 15 cents rise at \$53.11 while gains led losses by an eight-to-five margin. Turnover further contracted to 14.77m shares from Tuesday's 1 pm total of 14.48m.

The stock market picked up in response to a firmer tone for the dollar, but the U.S. currency began to slip back after Presidential inflation adviser Kahn said that acceleration of industrial wages and prices is carrying the U.S. inflation rate towards 10 per cent.

Analysts commented that investors are uncertain about the severity and extent of any possible recession that private economists have been predicting, and are unlikely to be aggressive buyers or sellers until the economic outlook becomes more clear. They also noted that many traders were expected to leave early yesterday ahead of tomorrow's market closure for the Thanksgiving Day holiday.

ARS topped the actives list and gained ¾ at \$20¼. Its fiscal third-quarter profits improved on lower sales.

Gaming shares improved in active trading. **Ramada Inns** climbed ¾ to \$9½, **Caesars World** 2⅛ to \$21½, **Bally Manufacturing** 1⅞ to \$36 and **Del E. Webb** 1½ to \$15.

Liggett added 1¼ at \$35, while **Du Pont** climbed 1⅞ to \$122⅞, ex a \$2.50 a share dividend. **IBM** picked up \$1 to \$265, **Teledyne** ¾ to \$92, and **Eastman Kodak** ¾ to \$59.

Active **Avon Products**, however, declined 1⅛ to \$51⅞. It is holding merger talks with Tiffany and Co.

UARCO lost ⅞ to \$45⅞. The company has rejected Daylin's sweetened bid of \$48 per UARCO share. **Daylin** put on ⅛ to \$2⅛ bid in over-the-counter trading.

MBPXL lost ½ to \$25. Conagra has sued Cargill and some MBPXL holders charging securities law violations. Cargill has offered to buy MBPXL for \$67m after Conagra and MBPXL agreeing on a merger. **Conagra** eased ⅛ to \$21⅞.

THE AMERICAN SE Market Value Index moved up 1.15 to 148.54 at 1 pm in a slow trade. Volume 1.47m shares (1.59m).

Gaming shares also gained ground on the Amex. **Resorts International "A"**, the leading active, rose 1⅝ to \$27⅞, while **Golden Nugget** added \$1 to \$17½ and **Nortek** ½ to \$8½.

Houston Oil picked up ⅛ to \$17¾ and **Dome Petroleum** ¾ to \$67¾.

Canada

Stocks made a rather mixed showing at mid-session after a moderate trade. Oils and Gas strengthened 13.9 more to 1,722.3 on index at noon, and Golds added 2.1 at 1,284.9, lending weight to an improvement of 1.3 to 1,230.9 in the Toronto Composite Index.

Among Oils, **Husky Oil** rose 2⅞ to C\$43⅞, **Home Oil "A"** ¾ to C\$44¼, **Gulf Canada** ½ to C\$34 and **Shell Canada** ¼ to C\$16¼.

Irwin Toy "A" gained 35 cents to C\$4 after the company said it will pay special dividends.

Tokyo

Export-orientated issues, such as Light Electricals and Vehicles, were mainly lower, but other sectors of the market put on a generally firm performance. The Nikkei-Dow Jones Average gained 23.48 to a record 5,978.82, while the Tokyo SE index improved 1.10 to 440.96. An active business ensued, volume amounting to 380m shares (320m).

The market's rise was helped by better-than-expected first-half business performances and increased interest from institutional investors.

Selective buying took place in Chemicals, Real Estates, large-capital issues, Cotton spinners, Constructions, Foods, Steels, Electric Cables and Synthetic Textiles.

Speculative issue **Kanto Denka Kogyo**, a recent market leader among Chemical issues, was bought on news of its development of a new type of audio tape. Under the lead of Kanto Denka, investors hunted other speculative Chemical issues, such as **Toyo Soda**.

Yokogawa Bridge Works rose Y70 to Y1,750, **Matsushita Communication** Y60 to Y1,870, **Nippon Hodo** Y50 to Y1,330, **Mochida Pharmaceutical** Y50 to Y1,650, **Yamato Kogyo** Y43 to Y798, **Clarion** Y43 to Y879, **Toshin Steel** Y40 to Y400 and **Toho** Y40 to Y7,550.

Hong Kong

Market continued to rally sharply in moderate trading despite widespread expectations of a further rise in interest rates being announced today.

A statement from **Sun Hung Kai Securities** that it has not made major losses and was not *facing liquidity problems* aided sentiment, as did the firmness of local stocks in London overnight. The Hang Seng Index recouped 27.75 more to 513.91 for a two-day gain of 45 points.

Sun Hung Kai Securities nevertheless lost 7.5 cents to HK\$2.025, but **Hongkong Bank** advanced HK\$1.20 to HK\$17.30, **Hongkong Land** 40 cents to HK\$8.45, **Hutchison** 35 cents to HK\$4.60, **Jardine** 30 cents to HK\$12.60, **Swire Pacific** 30 cents to HK\$7.80 and **Wheelock** 20 cents to HK\$2.55.

Kowloon Wharf headed gains among second-liners, rising HK\$3.60 to HK\$27.30, while among other Property stocks, **Cheung Kong** put on 50 cents to HK\$9.50, **Associated Hotels** 30 cents to HK\$3.00, **City and Urban** 8 cents to HK\$ 1.20, **New World** 12.5 cents to HK\$2.125 and **Swire Properties** 20 cents to HK\$3.15.

Hongkong Telephone rose HK\$ 1.40 to HK\$ 28.20 and **Hang Seng Bank** HK\$9 to HK\$167.

Paris

The settling of positions before the new monthly Account starts today was chiefly responsible for a continuing softer trend on the Paris Bourse yesterday.

Properties, Motors, Constructions, Rubbers, Stores, Electricals, Metals, Oils and Public Services were easier, while Banks and Chemicals were mixed, but Foods and Printers were firmer-inclined and Textiles and Transports mainly unchanged.

Among declining issues were **Silic, Beghin, Poliet, Borel, CEM, Sacilor, UTA, PUK, Pechiney** and **BSN Gervais Danone**.

In contrast, **Carrefour** recovered 26 to FFr 2,137, while also higher were **Eurafrance, Ciments Francais, Kleber, Presses de la Cite, Bail Investissement, BP** and **Bellon**.

Germany

Apart from Munich, markets were closed yesterday for the Day of Penance.

Australia

Markets continued to display an easier tendency in slack trading, although some stocks began to show resistance to the downtrend.

A bright feature in Property Developers was provided by **Westfield**, which moved ahead 64 cents to A\$7.20. The Westfield chairman is expected to announce a major reconstruction of the group at next Monday's annual meeting, involving the conversion of the company to a property trust.

Bushells Investments advanced 30 cents to A\$3.10, responding to the Australian Government's reversal of its previous decision to block the proposed bid from Brooke Bond Liebig, of the UK.

BHP managed to close unaltered at A\$8.06, but **CSR** receded 8 cents to A\$3.12.

Banks closed on a mixed note, with **ANZ** rallying 8 cents to A\$3.70 but **CBC** losing 3 cents to A\$1.70.

Coal Mining issues mainly weakened, with **Utah** falling 9 cents to A\$3.66 and **Thiess** 7 cents to A\$2.55. Uraniums, on the other hand, were in firmer fettle, **Pancontinental** regaining 20 cents at A\$10.10 and **Peko-Wallsend** 12 cents more at A\$5.40.

Elsewhere in Minings, **Consolidated Goldfields** shed 10 cents to A\$3.32 and **Hamersley** 3 cents to A\$2.05, but **CRA** picked up 4 cents to A\$2.90 and fellow diamond exploration issue **Ashton Mining** put on 3 cents to 75 cents. **Central Norseman Gold**, up 20 cents the previous day on a broker's recommendation, added 10 cents at A\$12.00.

Amsterdam

Among Dutch Internationals, **Unilever** were a shade harder against the trend, but **Hoogovens**, ahead of today's expected third-quarter results, shed Fl 0.70 to Fl 36.70.

Elsewhere, **Algemeine Bank** lost Fl 3.50, **Bols** Fl 1 and **Bijenkorf** Fl 1.60, but **OCE-Van der Grinten** improved Fl 1.20.

Dutch Ford shares rose Fl 44 to Fl 860 on prospects for a return to work after settlement of the Ford UK strike.

State Loans were narrowly mixed.

Johannesburg

Gold shares were easier, although selective issues picked up towards the close.

Mining Financials were mixed in a very quiet trade. Platinums generally followed Golds lower. **Implats** shed 8 cents to R3.50, but **Lydenburg** gained 5 cents against the trend to R1.35. Coppers remained quiet, and **Palamin**, R8.95, were untraded despite a higher dividend.

The Industrial market was narrowly mixed in idle conditions.

Milan

Market, after an initial fresh decline, picked up on selective *late demand, leaving stocks higher* for choice on balance.

Fiat ended prominently firmer at L2,680, up 67, while **Snia Viscosa** added 16 at L781, but **Italsider** were 19 lower at L288.

Switzerland

Stock prices tended to ease afresh in moderate activity.

Sandoz declined 45 to SwFr 3,650 and **Swissair** 6 to SwFr 785, but **Alusuisse** rallied 20 to SwFr 1,120.

Domestic and Foreign Bonds showed a slight recovery.

NEW YORK

[illegible]

† Bid. ‡ Asked. § Traded. ‖ New stock.

CANADA

[illegible]

NOTES: Overseas prices shown below exclude \$ premium. Belgian dividends are after withholding tax. ● DM 50 denom. unless otherwise stated, yields based on net dividends plus tax. ♥ Pta 500 denom. unless otherwise stated. ♣ DKr 100 denom. unless otherwise stated. ◆ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs, including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. ∆ Interim since increased.

Indices

NEW YORK—DOW JONES

	Nov. 21	Nov. 20	Nov. 17	Nov. 16	Nov. 15	Nov. 14
Industrials	804.05	805.61	797.73	794.16	785.66	[illegible]
H'me B'nds*	87.02	86.95	86.91	86.65	86.54	[illegible]
Transport	211.04	211.66	210.41	208.43	206.76	[illegible]
Utilities	99.15	99.02	98.04	97.56	96.55	[illegible]
Trading vol. 000's	20.750	24.580	25.240	21.848	25.280	[illegible]

* Basis of Index changed from Aug. 24

	Nov. 17	Nov. 10
Ind. div. yield %	5.90	5.90

STANDARD AND POORS

	Nov. 21	Nov. 20	Nov. 17	Nov. 16	Nov. 15
Industrials	105.50	106.91	104.88	104.08	102.94
Composite	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

N.Y.S.E. ALL COMMON; MONTREAL; TORONTO Composite; JOHANNESBURG; GERMANY; TOKYO; AUSTRALIA; OSLO; BRAZIL; JOHANNESBURG MINES; INDUSTRIALS; SPAIN; BRUSSELS/LUXEMBOURG; AMSTERDAM; PARIS; SWITZERLAND; COPENHAGEN; STOCKHOLM; MILAN; VIENNA

[illegible]

BASE LENDING RATES

A.B.N. Bank	12½%	■ Hambros Bank	12½%
Allied Irish Banks Ltd.	12½%	■ Hill Samuel	§12½%
American Express Bk.	12½%	† C. Hoare & Co.	12½%
Amro Bank	12½%	Julian S. Hodge	13½%
A P Bank Ltd.	12½%	Hongkong & Shanghai	12½%
Henry Ansbacher	12½%	Industrial Bk. of Scot.	10 %
Associates Cap Corp	12½%	Keyser Ullmann	12½%
Banco de Bilbao	12½%	Knowsley & Co. Ltd.	14½%
Bank of Credit & Cmce	12½%	Lloyds Bank	12½%
Bank of Cyprus	12½%	London Mercantile	12½%
Bank of N.S.W.	12½%	Edward Manson & Co.	13½%
Banque Belge Ltd.	12½%	Midland Bank	12½%
Banque du Rhone	13 %	■ Samuel Montagu	12½%
Barclays Bank	12½%	■ Morgan Grenfell	12½%
Barnett Christie Ltd.	13½%	National Westminster	12½%
Bremar Holdings Ltd	13½%	Norwich General Trust	12½%
Brit. Bank of Mid. East	12½%	P. S. Refson & Co.	12½%
■ Brown Shipley	12½%	Rossminster	12½%
Canada Perm't Trust	12½%	Royal Bk. Canada Trust	12½%
Cayzer Ltd.	12½%	Schlesinger Limited	12½%
Cedar Holdings	12½%	E. S. Schwab	13½%
■ Charterhouse Japhet	12½%	Security Trust Co. Ltd.	13½%
Choulartons	12½%	Shenley Trust	14 %
C. E. Coates	12½%	Standard Chartered	12½%
Consolidated Credits	12½%	Trade Dev. Bank	12½%
Co-operative Bank	*12½%	Trustee Savings Bank	12½%
Corinthian Securities	12½%	Twentieth Century Bk.	13½%
Credit Lyonnais	12½%	United Bank of Kuwait	12½%
Duncan Lawrie	12½%	Whiteaway Laidlaw	13 %
The Cyprus Popular Bk.	11½%	Williams & Glyn's	12½%
Eagil Trust	12½%	Yorkshire Bank	12½%
English Transcont.	12½%		
First Nat. Fin. Corp.	12½%		
First Nat. Secs. Ltd.	12½%		
■ Antony Gibbs	12½%		
Greyhound Guaranty	12½%		
Grindlays Bank	12½%		
■ Guinness Mahon	12½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 10%, 1-month deposits 10¼%.
† 7-day deposits on sums of £10,000 and under 10%, up to £25,000 10¼%, and over £25,000 10½%.
‡ Call deposits over £1,000 10%.
§ Demand deposits 10%.

EUROPEAN OPTIONS EXCHANGE

[illegible]

TOTAL VOLUME IN CONTRACTS

FARMING AND RAW MATERIALS

Citrus trade off to slow start

By Our Own Correspondent

TEL AVIV, Nov. 22.

ISRAEL'S CITRUS exports during the 1978-79 season, which started at the end of September, are expected to reach 48m cases, compared with 45.5m during 1977-78, according to the Citrus Marketing Board.

Shipments started later than usual this year because of unfavourable weather, so exports up to the beginning of this week came to only 3.25m cases, of which 2.2m were early grapefruit.

The extra 2.5m cases to be sent abroad this season will be an additional 750,000 cases of shamoutis (total shipments of which are to reach 20.5m cases) a similar increase in "Valencia" type oranges to 10m cases, small increases in grapefruit (to 14m cases) and in lemons to 1.2m cases.

The biggest percentage increase is for soft citrus. Exports of clementines, mandarin and similar produce are to be more than doubled to 1m cases.

The trend away from wooden boxes to cartons will continue as will that towards shipment in containers. Six million cases are to be containerised this season against 3m a year ago.

Russia plans Greenland fish project

COPENHAGEN, Nov. 22.

ALEKSANDER ISJKOV, Soviet Fisheries Minister, said Russia will within a few months propose a comprehensive fisheries co-operation project with Greenland.

In an interview with Communist newspaper Land og Folk, he said that a corporation should be established on a 50:50 basis to carry out fishing and the processing of fish in plants in Greenland. The Russians would guarantee the sale of all the Corporation's products.

Mr. Jonathan Motzfeldt, a leading Greenland politician, said here that a project of the size the Soviets seem to be thinking of might not be compatible with dwindling fish stocks for most species in Greenland waters.

Jens Peder Hansen, Greenland Minister, said that he would look at the Soviet proposals to see if they were presented in a more concrete form, but he said that any agreement would have to be discussed with the Greenlanders and relations with the EEC would also have to be taken into consideration.

Brussels warming to UK on fish policy—Silkin

BY RICHARD MOONEY

THE WORKING document on European fisheries policy released by the Common Market Commission yesterday indicated a significant movement towards the British approach, Mr. John Silkin, Agriculture and Fisheries Minister, said in London yesterday.

The Commission now recognises "implicitly" that a large share of increased fishing opportunities resulting from conservation measures could be allotted to the UK, he claimed.

"Until now this suggestion had been rejected completely."

He further claimed that the Commission appeared to be willing to accept British conservation proposals, some of which have already been imposed unilaterally, as a basis for discussion.

"For my part I would be prepared to consider alternatives to these measures," he added.

Mr. Silkin also noted that a decision on taking legal action against Britain over certain of its unilateral conservation measures had been delayed. He saw this "relaxation of pressure" as further evidence that the other member states were more willing to negotiate.

He also saw the Commission's willingness to talk about a 12-mile exclusive zone around Britain, albeit linked to discussions on "historic rights," as a significant advance.

"Previously any mention of a 12-mile zone had been flatly rejected as contrary to the Treaty of Rome," he said.

Mr. Silkin did not see his willingness to discuss historic rights as a concession, however. "We are not giving up the fight on this question," he declared. "We are simply saying that countries claiming these rights should prove that they exist." He said the criteria for establishing historic rights should include proof that they have been in continual use. He also thought they should apply only in defined areas.

But despite his more hopeful tone the Minister still thought a lot more discussion would be necessary before a deal was reached.

"We still need to define what is being talked about," he said. However, Mr. Silkin did not rule out the possibility that the main points could be settled this week.

Call for Government aid

A CALL for Government aid for Britain's ailing fishing industry was issued yesterday by Mr. Charles Meek, chairman of the White Fish Authority.

He told the Association of Fish Meal Manufacturers' annual award luncheon: "The Government should consider temporary financial aid for UK fishing in line with the direct grants which other EEC nations are paying to their trawler operators."

He said the industry was a vital part of the country's lifeblood—"though admittedly a small part," adding that he was optimistic that it would survive the challenges it currently faced and emerge "slimmed down and more efficient."

But he confessed he was worried about the prospects of the Humber Ports and Fleetwood and saddened by the recent demise of the Scottish port of Granton.

Mr. Meek assured his audience that he was not hostile to industrial (fishmeal) fishing as such. But he was strongly opposed to the excessive scale on which it was practised by some nations.

Properly controlled, industrial fishing could be useful in the development of new fisheries, such as blue whiting, which he said might benefit from culling. Neither did he object to small-mesh fishing for species which were unsuitable for human consumption, such as sand eel.

"The fishmeal industry," he said, "is an integral part of the fishing industry and makes an important contribution to the national diet. The public are not sufficiently aware of this."

Common farm price dilemma

BY MARGARET VAN HATTEM

BRUSSELS, Nov. 22.

INTRODUCTION NEXT year of a European Monetary System (EMS) could bring an automatic 20 per cent drop in EEC common farm prices.

The Commission, which appears to have been caught unawares on this point, is now considering the introduction of a technical currency conversion device to keep the theoretical common price at its current level. But this would need the unanimous approval of the Council of Ministers before the end of the year and could meet strong British opposition.

The issue is essentially political. It will not, at least in the short term, affect prices actually paid to farmers. However, it implies a judgment, by the Commission and the member states, on what the "normal" common price level should be before being distorted through "green currency" conversions into national prices.

At present, common farm prices are fixed in special units of account linked to the central rates of the "snake" currencies. The introduction of the EMS will render the snake obsolete and a new unit will have to be found for farm prices.

The most logical would be the new and more broadly-based European Currency Unit (ECU), which has not yet been precisely defined but which is expected to be worth less in national currency terms than the unit of account used for farm prices.

A direct conversion would therefore bring a drop in common prices, estimated at about 20 per cent.

At present, the green currency system permits a gap of more than 30 per cent between German farm prices (the highest) and British prices, which are the lowest.

The "common" prices sits at the upper end of this range, roughly 10 per cent below the German price level. Large levies and subsidies (monetary compensatory amounts) are needed to offset the difference between common prices and British prices, and smaller ones to offset that between common prices and German prices.

These subsidies all come out of the Community budget but their distribution enables the Germans, for example, to claim that German taxpayers are subsidising British consumers.

These claims tend to get louder each time Britain presses for curbs on agricultural spending, as happened after the Prime Minister's speech at the Guildhall last week.

UK potato import ban defended

By Margaret Van Hattem

BRUSSELS, Nov. 22.

THE ADVOCATE General of the European Court of Justice said to day that the British ban on potato imports, introduced at the start of this year, does not contravene EEC regulations.

Presenting his summing up in court, he said that in the absence of a Common EEC policy on potato marketing, the British measure was legal.

The court is not expected to give its ruling before Christmas, but it usually follows the advocate general's opinion.

The case which was referred to the court by the High Court of London, has important implications for proceedings initiated by the EEC Commission, against the British Government over the potato import ban.

These proceedings were started following complaints from the Dutch who are seeking to increase their access to the UK market, and to the price support afforded by the UK Potato Marketing Board.

Recovery in base metals

By Our Commodities Editor

THERE WAS a general recovery in base metal prices on the London Metal Exchange yesterday. The recent steep fall in tin prices was halted and standard grade cash tin in fact gained £37.5 to £7,370 a tonne.

Copper prices were lifted by the higher trend in New York overnight, and forecasts of another decline in Metal Exchange warehouse stocks this week.

Lead and zinc values also followed the upward trend in copper and tin. Lead in particular rallied sharply after opening on an easier note.

Meanwhile Reuter reported that the Benguela railway will be unable to start carrying international traffic before December at the earliest.

According to railway sources, it will take until then to repair one of two bridges damaged by guerrilas of Unita, just over three weeks ago.

UK PLATINUM TO COST MORE

By Our Commodities Staff

A rise in the sterling price of platinum metals, due to the strengthening of the U.S. dollar against the pound, was announced yesterday by Johnson Matthey, selling agents for Rustenburg Mines.

Effective today, platinum goes up from £142 to £145.50 an ounce.

NZ DAIRY INDUSTRY

Exporters probe for trade loopholes

BY CHRISTOPHER PARKES RECENTLY IN NEW ZEALAND

THE NEW ZEALAND dairy industry has learned a lot in the years since it first crossed economic swords with the European Community.

Inventiveness, opportunism and raw cunning are among the most striking of its achievements. Attributes which sit well alongside traditional skills in the marketing of dairy produce.

Take, for example, the case of the creamery manager under instruction to perfect a project which can increase New Zealand's UK butter quota—thanks not to the politicians negotiating in Brussels but to the engineers and technicians in the country's dairies.

He aims to reduce the water content of the butter shipped to the UK by at least 1 per cent. The salt content will be cut by a similar amount. On arrival at the packers in Britain this special butter will be re-worked through butter-making machines and the missing water and salt will be added to bring it to normal quality standards.

But for every tonne of "butter" imported through the EEC's protective barriers the New Zealand distributors here should end up with 1 tonne and 20 kilos to sell.

Such tactics cannot be considered fraudulent or underhand. They are simply part of the complex rituals which characterise the international dairy market.

New Zealand is one of the privileged few with access to the U.S. butter market. It maintains a toe-hold quota of a miserable 167 tonnes a year which has to be sold in Hawaii. But import barriers, even in the U.S. are seldom perfect.

And the seekers after imperfections have found enough loopholes to enable traders to sell annually at least 5,000 tonnes of New Zealand butterfat in mainland U.S. It goes into this apparently impregnable market in the form of cakes and other processed or frozen products.

And, as one trade official boasted proudly "As soon as they spot it and put on the countervailing duty we're usually ready to nip in there with another new product."

The highly vigilant and vociferous U.S. farming lobby is the main cause of trouble, and at present there are growing difficulties with NZ shipments of casein to the American market. This milk by-product is being increasingly used as a cheap form of protein extender.

It is used, for example, in hamburgers which are an amalgam of imported range beef, fat trimmings from the U.S. farmers' grain-fed steers and this highly versatile protein "glue."

But the main trouble has arisen over its use in the manufacture of "synthetic" cheese, particularly a mozzarella type used in the pizza and "junk food" industries.

Diversification has become almost an industry in itself. New Zealand prides itself on providing almost 40 different specifications of milk powder to suit the special needs of the myriad markets it has developed around the world. There are no really major markets left for milk powders and considerable efforts are being directed into small countries with small and special requirements.

In Bangkok, for example, there are three factories manufacturing liquid milk from New Zealand skim powder, anhydrous milkfat and water. Each milk "recombining" factory needs a different specification of powder.

While there is such a diversity of techniques and demand around the world New Zaland can maintain its advantages over the Common Market salesmen who cannot easily offer the necessary refinements.

Small markets in the developing countries are being carefully nurtured. Peoples unaccustomed to dairy products are being gently "weaned" on to milk. Experience elsewhere has shown that new customers started on sweetened condensed milk rapidly take to other types of milk products.

Milk consumption in the Caribbean, for example, has been developed largely as a result of NZ efforts there and the graduation from sweet condensed milk, through evaporated milk to "real" milk made up from recombined whole milk powder is now complete.

The New Zealanders are also happy to provide milk foods in the form sought by the developing countries. Selling the fat, powder and technology allows them to build up an infant milk industry on their own territory with all the advantages of added value and job creation.

Such marketing methods also help to build goodwill for the Kiwis in areas which will undoubtedly grow in importance as food consumers. And it helps to keep markets captive for New Zealand's specialist suppliers.

Greatest hopes are vested in the "Near North," more familiar as South East Asia. Incomes in Singapore, for example, will soon equal those in New Zealand. Malaysia and South Korea are both developing rapidly and even Indonesia and the Philippines are not far from breaking into the industrial era.

For the rest of the world New Zealand is bent on improving quality and increasing the sophistication of its output. The dairy working on the special butter for Britain, for example, has also been briefed to produce Danish-style butter. "The finest butter in the world," the manager admits.

He has the equipment and the conviction that his frequent trips to Europe have taught him enough to produce a comparable product.

Babyfoods based on milk powders have also attracted considerable interest. The Te Rapa dairy, for example, one of the biggest powder plants in the world, only last year lost the contract to manufacture Dumex babyfood for a Danish firm's outlets in South East Asia. It lost the job, the management says, because the EEC Commission authorised special subsidies which enabled the Danes to do the processing themselves.

But Te Rapa still has the capacity and the know-how and is casting around for new markets. The Danes may have EEC subsidies but the New Zealanders have the shorter distance to travel, excellent relations in the area and the inventiveness, opportunism and raw cunning for once, maybe, to steal a market from the EEC.

WELLINGTON, Nov. 22.

● The New Zealand Dairy Board announced the sale of 4,000 tonnes of butter to the Soviet Union valued at between NZ$4 and 5m.

The Board said the butter is currently loading into a Soviet vessel at Auckland and is destined for arrival at the eastern Soviet port of Nakhodka.

The deal, negotiated with the Soviet trading organisation Prodintorg, is the first since May 1977 when New Zealand last sold dairy produce to the USSR involving 3,500 tonnes of whole milk powder and 3,000 tonnes of butter.

Reuter

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Firmer on the London Metal Exchange. Forward metal moved up steadily throughout the day, opening at £770 and rising to £774.5 on the late kerb reflecting rumours of a further decline in warehouse stocks this week and short-covering in front of the U.S. Thanksgiving Holiday. Turnover 17,200 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £751, three months £770, 70.5, 71, 70.5, 71, 1.5, 1, 70.5. Cathodes, cash £739.5. Kerb: Wirebars, three months £771.5. Afternoon: Wirebars, cash £754.5, three months £774, 73.5, 73, 73.5, 74, 74.5, 73.5, 74, 74.5, 74. Cathodes, three months £763. Kerb: Wirebars, three months £772.5, 72, 72.5, 73, 73.5. Cathodes, three months £763.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	761-.5	+7	784.5-5	+5.25
3 months	770.5-1	+7	774-.5	+5
Settlem't	761.5	+7	—	......
Cathodes				
Cash	740-.5	+8.75	745.5-4	+5.75
3 months	759-.5	+7.5	762.5-3	+4.5
Settlem't	740.5	+8.5	—	......
U.S. Prm.	620	......	*72	......

TIN—A shade firmer. The steadiness of the Penang market coupled with covering against U.S. physical business enabled forward material to move up from £7,230 to the day's highest level of £7,310 in the morning rings. In the afternoon profit-taking pared the price to £7,260 on the kerb but renewed U.S. physical demand caused a recovery to £7,295 at the close. Turnover 1,660 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7410-20	+55	7360-90	+42.5
3 months	7295-310	+50	7290-310	+45
Settlem't	7420	+55	—	......
Standard				
Cash	7380-90	+45	7360-80	+37.5
3 months	7285-90	+52.5	7280-90	+47.5
Settlem't	7390	+40	—	......
Straits E.	$1885	—1	—	......
New York	—	......	—	......

Morning: Standard, three months £7,290, £7,310, £7,300, £7,290, 80, 85, 90. High Grade, cash £7,420, 20. Kerb: Standard, three months £7,250. Afternoon: Standard, three months £7,300, £7,295, 90, 85, 80. Kerb: Standard, three months £7,260, 70, 75, 80, 85, 90, 85, 90, 95.

LEAD—Gained ground. Short-covering and fresh buying lifted forward metal from £378 on the early pre-market to around £387 before a close on the late kerb of £383. Turnover 8,600 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	396-9	+12.7	396-7	+5
3 months	386.5-7	+11	386-.5	+2.75
Sett'ment	399	+15	—	......
U.S. Spot	—	......	*36.56	......

Morning: Cash £395.5, 96.5, 98, 95, 96.5, three months £384, 85, 84.5, 85.5, 86, 6.5, 7. Kerb: Three months £387, 86, 85.5, 85. Afternoon: Cash £397.5, 97, three months £381, 87.5, 86, 86.5, 86. Kerb: Three months £384, 83.

ZINC—Higher in fairly quiet trading. Forward metal opened around £355 and moved ahead to touch £360 in the morning rings reflecting Continental physical demand and the trend in lead. However, in the afternoon profit-taking pared the price to around £358.5 on the late kerb. Turnover 7,550 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	347.5-8	+6.5	347.5-8.5	+2.25
3 months	359-60	+6.75	358.5-9	+1.5
S'ment	348	+6.5	—	......
Prim.west	—	......	*35.5-4.5	......

Morning: Cash £347, 47.5, three months £360, 59, 59.5, 59, 60, 59.5. Afternoon: Three months £360, 60.5, 60, 59. Kerb: Three months £357.5, 58, 58.5.

ALUMINIUM—Barely changed with short covering lifting forward metal from £604 at the opening to £606.5 on the late Kerb. Turnover: 1,475 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£		£	
Spot	—	......	—	......
3 months	604-5	......	605-6	—1

Morning: Three months £605, 604. Afternoon: Three months £606. Kerb: Three months £606.

* Cents per pound. $ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 0.95p an ounce higher for spot delivery in the London bullion market yesterday at 305.4p. U.S. cent equivalents of the fixing levels were: Spot 594.7c, up 1.9c; three-month 605.8c, up 1.4c; six-month 615.6c, up 0.8c; and 12-month 635.7c, down 0.5c. The metal opened at 307-309p (601-605c) and closed at 308½-309½p (601-603c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	305.4p	+0.95	308.4p	+0.15
3 months	312.6p	+0.75	316.3p	+0.25
6 months	319.8p	+0.35	—	......
12 months	333.8p	+0.45	—	......

LME—Turnover 156 (350) lots of 10,000 ozs. Morning: Three months 315.1, 15, 12.9, 13. Kerbs: Three months 315.5, 15.7. Afternoon: Three months 316, 16.1, 16, 16.6, 16.2. Kerbs: Three months 315.7, 16.2, 16.1, 16.2.

COTTON

SPOT AND shipment sales in Liverpool amounted to 21 tonnes bringing the total for the week so far to 511 tonnes. Limited dealings although inquiry was by no means absent. Interest ranged over African, South American and Middle Eastern growths.

COCOA

After initially opening £16 higher, cocoa prices weakened due to further liquidation of long positions to close marginally above the day's lows, reported Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
Dec	2095.0-97.0	—16.75	2117.0-2075
March	2136.0-38.0	—16.0	2178.0-2130
May	2165.5-66.0	—27.75	2204.0-2165
July	2154.0-62.0	—30.0	2208.0-2156
Sept	2150.0-50.0	—27.5	2177.0-2165
Dec	2094.0-21.0	—24.5	2128.0-2090
March	2065.0-85.0	—27.5	2086.5

Sales: 3,059 (2,427) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound): Daily prices for Nov. 21 157.16 (156.35). Indicator prices Nov. 22: 15-day average 150.03 (150.39); 22-day average 151.11 (150.55).

COFFEE

LONDON opened unchanged as expected to remain in line with New York C Contract, reports Drexel Burnham Lambert. The afternoon was relatively quiet with small scale commission house buying keeping values steady and prices at the close were 0.9 lower—17.5 higher from Tuesday.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
November	1590-1597	—09	1610-1597
January	1458-1460	+10.5	1466-1442
March	1323-1325	+17.5	1327-1300
May	1257-1258	+15.0	1265-1241
July	1220-1225	+10.5	1229-1208
September	1190-1194	+07	1195-1180
November	1160-1169	+05.5	1150

Sales: 3,652 (4,981) lots of 5 tonnes.

ICO Indicator prices for Nov. 21 (U.S. cents per pound): Colombian Mild Arabicas 173.25 (173.50); Unwashed Arabicas 148.00 (150.00); other mild Arabicas 144.92 (144.17); Robustas ICA 1976 138.50 (137.50); Robustas ICA 1968 139.50 (138.50). Daily average 141.71 (140.84).

GRAINS

LONDON FUTURES (GAFTA)—The market opened 10p lower on old crops, unchanged on new crops. The market in reasonable trading conditions eased back slightly on wheat to trade 25p lower on country selling but improved slightly on commercial buying interest to trade unchanged at lunch. But the market came off again in the afternoon on country selling to close 15-25p lower. Barley eased slightly on country selling initially but values improved on commercial support. In the afternoon session commercial selling eased values again to close 5-10p lower, Acli reported.

	WHEAT		BARLEY	
M'nth	Yesterday's close	+ or —	Yesterday's close	+ or —
Nov	89.30	+0.10	81.70	—0.05
Jan	90.95	—0.20	83.50	—0.05
Mar	93.95	—0.15	85.85	—0.10
May	95.85	—0.25	88.40	......
Sept	89.00	—0.35	83.05	—0.10

Business done—Wheat: Nov. 89.40-89.20, Jan. 91.25-90.85, March 93.60-93.25, May 96.20-95.85, Sept. 89.00-89.00. Sales: 169 lots. Barley: Nov. 81.85-81.65, Jan. 83.60-83.35, March 85.95-85.80, May 88.45-88.40, Sept. nil. Sales: 164 lots.

IMPORTED—Wheat: CWRS No. 1, 13½ per cent, Nov.-Dec. 94.75 Tilbury. U.S. Dark Northern Spring No. 2, 14 per cent, Nov. 89.50, Dec. 89.50, Jan. 90.50 transhipment east coast. U.S. Hard Winter 13½ per cent, Jan. 87.75 transhipment east coast. EEC unquoted. Maize: French Nov. 104.50, Dec. 105.00, east coast. S. African White Jan. 67.50 UK. S. African Yellow Jan. 67.50 UK. Barley: English feed fob Dec. 85.00 nom. east coast.

HGCA—Location ex-farm spot prices. Other milling wheat: Shropshire 89.50, Essex 88.60. Feed barley: Shropshire 77.70, Essex 78.80.

The UK monetary coefficient for the week beginning Nov. 27 (based on HGCA calculations) is expected to remain unchanged.

EEC IMPORT LEVIES—The following levies and premiums are effective for Nov. 23 in order of current levy plus December, January and February premiums (with previous in brackets), all in units of account per tonne. Common wheat—78.08, rest nil, 0.32 (80.41, rest nil). Durum wheat—118.36, rest nil (120.94, rest nil). Rye—78.03, rest nil (80.53, rest nil). Barley—65.85, rest nil (67.98, rest nil, 0.99). Oats—79.36, rest nil (79.36, rest nil). Maize (other than hybrid for seeding): 76.87, rest nil (78.00, rest nil). Buckwheat—Nil, rest nil (1.61, rest nil). Millet—64.22, rest nil, 0.83 (69.89, rest nil). Grain sorghum—74.22, rest nil (77.95, rest nil). Flour levies: Wheat or Mixed wheat and Rye flour—120.44 (123.50). Rye flour—121.31 (124.00).

RUBBER

STEADIER opening on the London physical market. Little interest throughout the day, closing inactive. Lewis and Peat reported the Malaysian godown price was 247 (same) cents a kilo (buyer, December).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
Dec	63.5-61.00	60.50-61.30	60.60
Jan	61.50-[illegible]	61.60-61.90	—
Jan-Mar	62.40-62.65	62.70-62.80	62.70-62.40
Apr-Jne	[illegible]	65.70-65.7[illegible]	65.40-65.10
Jly-Sept	[illegible]-67.55	69.10-68.15	67.40
Oct-Dec	69.7[illegible]-69.85	70.45-70.60	69.85
Jan-Mar	72.0[illegible]-72.45	72.15-72.90	72.25
Apr-Jne	[illegible]	[illegible]	[illegible]
Jly-Sept	[illegible]	77.3[illegible]-77.25	76.70

Sales: 1 (4) at 5 tonnes and 201 (272) lots of 15 tonnes.

Physical closing prices (buyers) were: Spot 60.00p (60.50); Dec. 60.85p (61.35); Jan. 61.75p (62.25).

SOYABEAN MEAL

	Yesterday Close	+ or —	Business Done
	£ per tonne		
December	116.70-16.9	+0.35	116.70-16.00
February	12[illegible]-23.5	+1.45	123.00-21.40
April	123.7-24.0	+1.30	—
June	122.80-23.5	+0.15	—
August	122.7-23.8	+0.25	—
October	121.5-24.[illegible]	+0.45	—
December	121.10-23.0	+0.8	—

Sales: 167 (105) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar) £99.00 (£100.00) a tonne cif for Nov.-Dec. shipment. White sugar daily price was fixed at £102.00 (£102.00).

The market made small gains following higher New York quotations as scattered short-covering developed in front of the Thanksgiving holiday, C. Czarnikow reported.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
Dec	118.5[illegible]-18.6	117.75-17.80	[illegible]
March	112.00-12.15	111.10-11.15	112.50-11.10
May	114.2[illegible]-14.30	113.55-13.40	114.75-13.25
Aug	117.25-17.50	116.25-16.40	117.7[illegible]-17.00
Oct	120.1[illegible]-20.5[illegible]	119.8[illegible]-19.25	120.20-19.25
Dec	122.6[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	—

Sales: 1,791 (2,760) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £264.85 (same) a tonne for home trade and £175.00 (£175.00) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for Nov. 21: Daily 7.93 (7.81); 15-day average 8.12 (8.21).

WHITE SUGAR—Close (in order buyer, seller, business, sales): Feb. 110.95, 111.00, nil, nil; April 114.25, 114.75, 114.75-114.00, 35; July 115.75, 119.50, nil, nil; Sept. 122.00, 124.00, nil, nil; Nov. 126.00, 129.00, nil, nil; Feb. 131.00, 132.50, nil, nil; April 132.00, 137.00, nil, nil. Sales: 35.

WOOL FUTURES

LONDON—Market sharply higher in more active session. Bache reported.

(Pence per kilo)

Australian Greasy Wool	Yesterday's Close	+ or —	Business Done
December	251-56	+2.5	—
March	254-56	+1.8	—
May	254-60	—0.5	—
July	246-53	+7.8	—
October	240-45	—7.5	—
December	244-45	—6.5	—
March	240-45	+4.5	—
May	241-44	+0.5	—

Sales: 17 (2) lots of 1,500 kg.

SYDNEY GREASY—Close (in order buyer, seller business, sales). Micron Contract: Dec. 349.2, 349.5, 349.5-349.3, 26. March 353.0, 353.5, 353.5-353.0, 19. May 359.0, 359.5, 359.4-359.0, 11. July 360.5, 361.0, 361.5-360.8, 24. Oct. 361.5, 362.5, 362.0-362.0, 3. Dec. 364.0, 366.0, 364.0-363.5, 27. March 366.5, 370.0, nil; May 369.0, 369.5, 369.5-369.5, 2. Total sales 129.

NEW ZEALAND CROSSBRED—Close (in order buyer, seller): Dec. 156, 180; March 184, 187; May 188, 190; July 186, 192; Oct. 192, 155; Dec. 190, 192; March 190, 192; May 190, 192. Sales: Nil.

MEAT/VEGETABLES

SMITHFIELD (pence per pound)—Beef: Scotch killed sides 54.0 to 58.5; Eire hindquarters 61.0 to 64.0, forequarters 35.0 to 37.0.

Veal: English fats 66.0 to 72.0; Dutch Hinds and Ends 57.0 to 59.0.

Lamb: English small 38.0 to 57.0, medium 50.0 to 54.0, heavy 44.0 to 50.0; Scotch medium 50.0 to 54.0, heavy 44.0 to 50.0. Imported frozen: NZ YL 46.0 to 50.0.

Pork: English under 100 lb 37.0 to 46.0, 100-120 lb 36.0 to 45.0, 120-160 lb 33.0 to 41.0.

Grouse: Young best (each) 190.0 to 220.0.

Partridges: Young (each) 200.0 to 240.0.

MEAT AND LIVESTOCK COMMISSION average fatstock prices at representative markets on Nov. 22: GB cattle 67.91p per kg l.w. (+0.40). UK sheep 132.2p per kg est. d.c.w. (+2.4). GB pigs 64.0p per kg l.w. (+0.7). England Wales—Cattle numbers down 3.5 per cent, average price 67.29p (+0.46). Sheep numbers down 26.5 per cent, average price 132.6p (+2.0). Pig numbers down 2.1 per cent, average price 64.0p (+0.5). Scotland—Cattle numbers down 1.7 per cent, average price 70.00p (+0.34). Sheep numbers up 35.5 per cent, average price 121.4p (+0.2). Pig numbers up 12.5 per cent, average price 62.7p (+4.3).

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported produce: Lemons—Italian 120's new crop 3.00-3.50; Greek 3.00-3.50; Spania: Small trays 1.00-2.00; Cyprus: Trays 4.50-5.20, boxes 143 to 5.30-6.20; Arizona 5.00-6.50; Turkish 10 kilos 2.40-2.60. Oranges—Spania: Navel Navelinas 3.20-5.00; S. African: Valencia Late 2.50-4.50; Greek: Navels 3.50-4.50. Satsumas—Spania: Trays 2.00-3.20. Grapefruit—Dominicans: 2.00-5.20; Cyprus 2.30-2.70; Israeli: Jaffa 64.75 2.50-2.70; Cuban 2.60; Texas Red Blush 5.80; Florida 5.20—Turkish 2.40-2.60. Apples—French: Golden Delicious 20-lb 72 2.40-2.60, 84 1.90-2.00, 40-lb 138 [illegible] jumble pack per lb 0.12-0.14; Granny Smith 20-lb 72 2.40-2.60, 84 1.80-1.90, large boxes 125 138 163 7.00-7.60; Stark Crimson 40-lb 125 163 4.20-5.20. Pears—Italian: Per lb Williams 0.12-0.16; Passacrassane 0.09. Grapes—Spanish: Almeria 2.40-2.50; Negri 2.50; Italian: White Regina 2.00-2.20; black Regina 2.20-2.40. Bananas—Jamaican: Per lb 0.14. Avocados—Israeli: 3.00-3.50. Pineapples—S. African: 7.00 3.00-3.20. Melons—Spanish: Green 4.00-4.50; Israeli: Carmel Yellow 4.20-4.50. Onions—Spanish: 4.00-4.20; Dutch 1.80-2.00. Tomatoes—Spanish: 4.20-5.20; Dutch 4.20-4.60; Canary 4.00-4.50. Cucumbers—Canary: 10/16s 1.60-2.00; Spanish: 1.00. Capsicums—French: Per lb 0.30; Canary 0.30. Dates—Algerian: Per glove box 0.34-0.35; Californian: Tubs 0.30. Pomegranates—Spanish: Per box 40 6.00; 5.00-5.20. Lettuce—French: 12s 1.50. Walnuts—Californian: Per lb 0.50; Chinese: 0.40-0.55. Brazils—Per lb 0.50-0.55. Tocantins 0.55. Almonds—Semi-soft per lb 0.42. Chestnuts—Italian: 10 kilos 5.00-5.50; Spanish: 5 kilos 2.70-2.80, 10 kilos 3.50-5.50; French: 10 kilos 5.00. Filberts—Italian: Per lb 0.42.

English produce: Potatoes—Per 25 kilos 1.50-1.80. Lettuce—Per 12 round 1.20-1.40. Mushrooms—Per lb 0.45-0.50. Apples—Per lb Bramley 0.08-0.12, Lord Derby 0.04-0.05, Cox's Orange Pippin 0.06-0.14, Worcester Pearmain 0.05-0.06, Russets 0.04-0.06, Spartan 0.07-0.09. Pears—Per lb Conference 0.06-0.13, Comice 0.13-0.16. Cabbages—Per crate 0.80. Celery—Per head 0.10-0.12. Cauliflowers—Per 12 Lincoln 1.50-1.80, Kent 2.50-2.80. Beetroot—Per 28-lb 0.70. Carrots—Per 28-lb 0.40-0.70. Capsicums—Per lb 0.50. Onions—Per bag 1.50-2.20. Swedes—Per 28-lb 0.50-0.60. Turnips—Per 28-lb 0.70-0.80. Parsnips—Per 28-lb 0.70-0.90. Sprouts—Per lb 0.04-0.05.

GUATEMALA COFFEE CUT

GUATEMALA CITY, Nov. 22.

Guatemala's 1978-79 coffee crop will yield 130,650 tonnes against 145,000 last season. Exportable surplus will decline to 14,350 tonnes, the Guatemalan Coffee Association said in a preliminary forecast.

Reuter

PRICE CHANGES

Price in tonnes unless otherwise stated

	Nov. 22 1978	+ or —	Month ago
Metals			
Aluminium	£710	......	£710
Free market (c/s)	$1,150/60	......	$1160.40
Copper cash W Bar	£754.75	+8.25	£744
3 months do. do.	£774.2	+3	£764.25
Cash Cathode	£743.75	—5.75	£733.25
3 months do. do.	£762.75	—4.5	£753.75
Gold Troy oz.	$200.625	+0.125	$226.625
Lead cash	£396.5	—5	£413.5
3 months	£386.25	—2.75	£396.25
Nickel			
Free Market (cif)(lb)	$1.88	......	$1.75
	1.82	......	1.90
Platinum troy oz.	£142	......	£160
Free Market	£168.20	—0.85	£171.15
Quicksilver (76lb.)	$159.45	+2	$120.25
Silver troy oz.	305.4p	+0.95	290.5p
3 months	312.6p	+0.75	298p
Tin Cash	£7,370	+37.5	£7,845
3 months	£7,295	+47.5	£7,680
Tungsten (t)	$141.28	......	$141.35
Wolfram 22.04 cif	$140.45	......	$142.47
Zinc cash	£348	+2.25	£359
3 months	£358.75	+1.5	£370.25
Producers	$720	......	$675
Oils			
Coconut (Phil)	$645r	+5	$635
Groundnut		......	
Linseed Crude (v)	£340	+5	£336
Palm Malayan	$598x	+5	$615
Seeds			
Copra Phillip	$550:	......	$580
Soyabean (U.S.)	$275x	......	$277
Grains			
Barley			
Home Futures	£83.50	—0.05	£82.1
Maize			
French No. 3 Am	£104.50	+0.70	£103.5
Wheat			
No. 1 Red spring	£94.75	+0.25	£92.5
No. 2 Hard Winter	£89.75a	......	£87
English Milling	£92.5	......	£91.5
Cocoa shipment	£2,177.5	—18.5	£2,090
Future Mar.	£2,157.5	—28	£2,051.5
Coffee Future			
Jan	£1,458	+11.5	£1,405.5
Cotton "A" Index	79.4c	......	77.5
Rubber kilo	60p	—0.5	61.75p
Sugar (Raw)	£102	+2.0	£108
Wooltops 64s kilo	274p	......	275p

* Nominal. † New crop. ‡ Unquoted. v Nov.-Jan. a Sept. t Nov.-Dec. u Jan w Dec. z Per ton. x Indicator prices

INDICES

FINANCIAL TIMES

Nov. 21	Nov. 20	Month ago	Year ago
261.22	259.54	268.54	240.85

(Base: July 1, 1952=100)

REUTERS

Nov. 22	Nov. 21	Month ago	Year ago
1515.7	1510.5	1529.6	1490.5

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Nov. 21	Nov. 20	Month ago	Year ago
Spot	396.18	394.60	391.10	368.61
Futures	398.08	391.54	386.80	320.50

(Average 1924-25-26=100)

MOODY'S

Moody's	Nov. 21	Nov. 20	Month ago	Year ago
Staple Commod'y	978.4	973.1	972.1	925.1

(December 31, 1931=100)

★

GRIMSBY FISH—Supply poor, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £6.00-£7.00, codlings £4.80-£6.00; large haddock £5.50-£6.50, medium £5.20-£6.20, small £4.00-£4.80; medium plaice £7.00-£7.40, best small £6.50-£7.40; large skinned dogfish £9.00, medium £7.50, large lemon soles £9.50, medium £9.00; reds £1.70-£2.80, saithe £2.50-£3.30.

U.S. Markets

Cocoa gains —precious metals ease

NEW YORK, Nov. 21.

AFTER INITIALLY being firm, precious metals eased to close slightly lower on Commission House selling following disappointment on the price of the U.S. gold auction. Copper closed steady on Commission House buying and stop-loss buying. Cocoa finished higher on Commission House stop-loss buying. Coffee finished higher in the nearbys on Commission House and producer buying, Bache reported.

Cocoa—Dec. 184.30 (183.70), March 185.40 (184.25), May 185.10, July 184.10, Sept. 181.60, Dec. 177.50, March nil. Sales: 872.

Coffee—"C" Contract: Dec. 145.00 (144.20), March 135.75-135.90 (134.64), May 132.25-132.50, July 130.25-130.50, Sept. 125.50-128.00, Dec. 123.00-127.50, March nil. Sales: 1,275.

Copper—Nov. 65.20 (64.65), Dec. 65.40 (64.85), Jan. 66.10, March 67.60, May 68.60, July 69.90, Sept. 70.95, Dec. 72.15, Jan. 72.60, March 73.50, May 74.40, July 75.60, Sept. 76.10. Sales: 7,000.

Cotton—No. 2: Dec. 67.55-67.65 (67.92), March 71.20-71.30 (71.39), May 72.88-72.95, July 73.10-73.15, Oct. 67.65-67.70, Dec. 66.07, March 67.20-67.30, May 67.20-68.20. Sales: 5,650.

This edition went to Press before the latest U.S. commodity prices were available.

*Gold—Nov. 197.50 (197.80), Dec. 197.90 (198.20), Jan. 199.60, Feb. 201.40, April 205.20, June 209.00, Aug. 212.80, Oct. 216.60, Dec. 220.50, Feb. 224.50, April 228.60, June 232.70, Aug. 236.90. Sales: 25,000.

†Lard—Chicago loose 23.50 (23.70). NY prime steam 25.00 traded.

‡Maize—Dec. 227½-227¾ (226), March 238½-239 (236½), May 245½-245¾, July 249¼, Sept. 250, Dec. 252-251½.

§Platinum—Jan. 319.00-321.00 (320.80), April 322.50-325.50 (322.90), July 324.60, Oct. 327.00-327.50 asked, Jan. 330.30-330.50, April 332.00-332.10, July 335.30-335.70. Sales: 1,719.

*Silver—Nov. 596.70 (601.50), Dec. 597.50 (602.50), Jan. 599.70, March 605.00, May 611.40, July 618.10, Sept. 624.90, Dec. 637.10, Jan. 641.50, March 650.00, May 658.60, July 667.30, Sept. 676.00. Handy and Harman spot bullion 600.90 (595.60). Sales: 27,000.

Soyabeans—Nov. 674-675 (665), March 696-695 (677), May 693½-693, July 696-696¼, Aug. 692, Sept. 674½, Nov. 655, Jan. 662.

‖Soyabean Meal—Dec. 192.70-192.90 (191.70), Jan. 185.00-184.60 (183.60), March 187.00-186.20, May 185.00-185.30, July 185.50-185.20, Aug. 185.00-185.10, Sept. 183.70, Oct. 179.70, Dec. 179.50.

Soyabean Oil—Dec. 24.20-24.15 (23.73), Jan. 24.20-24.45 (23.97), March 24.60, May 24.60-24.55, July 24.60-24.55, Aug. 24.50-24.55, Sept. 24.25, Oct. 24.00, Dec. 22.38.

Sugar—No. 11: Jan. 8.17 (8.17), March 8.46-8.55 (8.64), May 8.82, July 8.99, Sept. 9.15-9.20, Oct. 9.26-9.31, Jan. 9.35, March 9.55-9.60. Sales: 3,346.

Tin—6.60-6.70 nom.

**Wheat—Dec. 362½-363 (357½), March 349½-349¾ (346½), May 337½-337¾, July 320-319½, Sept. 321, Dec. 325.

WINNIPEG, Nov. 21. ††Rye—97.00 asked (95.00 nom.), Dec. 96.70 (92.30 asked), May 105.60, July 106.00.

††Oats—Dec. 84.50 bid (84.80 bid), March 80.50 bid (80.10 asked), May 79.00 bid, July 79.50 bid.

‡‡Barley—Dec. 77.40 bid (77.20), March 77.10-77.20 (76.00), May 77.00 asked, July 77.10 bid.

§§Flaxseed—Nov. 255.00 bid (256.00 nom.), Dec. 262.10 bid (256.50 bid), May 267.10 asked, July 264.50 bid, Oct. 262.50.

**Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 184.12 (same).

All cents per pound ex-warehouse unless otherwise stated. *$s per troy ounce—100-ounce lots. † Chicago loose $s per 100 lbs—Dept. of Ag. prices previous day. Prime steam fob NY bulk tank cars. ‡ Cents per 56-lb bushel ex-warehouse, 5,000-bushel lots. § $s per troy ounce for 50-oz units of 99.9 per cent purity delivered NY. ¶ Cents per troy ounce ex-warehouse. ‖ New "B" contract in $s a short ton for bulk lots of 100 short tons delivered fob cars Chicago, Toledo, St. Louis and Alton. ** Cents per 60-lb bushel in store. †† Cents per 24-lb bushel. ‡‡ Cents per 48-lb bushel ex-warehouse. §§ Cents per 56-lb bushel ex-warehouse, 1,000-bushel lots. ¶¶ C per tonne.

COMPANY NOTICES

CANADIAN NORTH ATLANTIC WESTBOUND FREIGHT CONFERENCE

NOTICE TO SHIPPERS TRAFFIC TO CANADA

(a) OCEAN RATES

The members of the above Conference operating services from the United Kingdom, Northern Ireland and the Republic of Ireland to Canadian Maritime, St. Lawrence River and Great Lakes ports have to advise shippers that, consequent upon the continuing increase in their operating expenses, their efforts to keep freight increases as low as possible during 1978 have resulted in a worsening of their position and, consequently, they have no option but to introduce an upward revision in freight rates with effect from 1st March 1979. Accordingly with effect from that date all Service 1 ocean rates and charges will be increased as follows:—

Weight rates up to and including dlrs. 50.00	15 per cent increase
Weight rates over dlrs. 50.00	10 per cent increase
Measurement and weight/measurement rates up to and including dlrs. 40.00	12½ per cent increase
Measurement and weight/measurement rates over dlrs. 40.00 and up to and including dlrs. 60.00	10 per cent increase
Measurement and weight/measurement rates over dlrs 60.00	7½ per cent increase
Container minima	12½ per cent increase

Rates "per piece or package," "each," etc. to be increased proportionally.

Service 2 and 3 rates will continue at the present percentages over the Service 1 rates.

The lines intend to make every effort to maintain the new level of rates until the end of 1979 but must reserve the right to review them at an earlier date if any circumstances beyond their control make this necessary.

(b) TERMINAL SERVICE CHARGES AND GREAT LAKES ADDITIONALS APPLICABLE IN CANADA

The member lines also have to advise shippers that consequent upon an announcement by the Canadian rail companies of increases in their charges with effect from 1st January 1979, it is necessary to reflect these third party increases in the Great Lakes additionals and terminal service charges applicable in Canada. Details of the new charges which will become effective 1st January 1979 may be obtained from any of the under-noted member lines.

ATLANTIC CONTAINER LINE G.I.E.
CANADIAN PACIFIC STEAMSHIPS LTD.
DART CONTAINERLINE COMPANY LTD.
HAPAG-LLOYD AG.
MANCHESTER LINERS LTD. (Joint member ship)
GOLDEN CROSS LINE LTD.
ERNST RUSS

CANADIAN ATLANTIC FREIGHT SECRETARIAT LTD., Secretaries.

[illegible] Building,
[illegible]
[illegible] 1978.

NCHANGA CONSOLIDATED COPPER MINES LIMITED

(Incorporated in the Republic of Zambia)

NOTICE TO HOLDERS OF 5½ PER CENT AND 5 PER CENT REDEEMABLE CUMULATIVE PREFERENCE SHARES

Preference Dividend No. 18 for six months ending 31st December, 1978

The directors of Nchanga Consolidated Copper Mines Limited announce the declaration of a dividend on the 5½ per cent and 5 per cent redeemable cumulative preference shares in respect of the six months period ending 31st December, 1978 at the rate of 5½ per cent per annum and 5 per cent per annum respectively less Zambian withholding tax at the rate of 20 per cent, equivalent to a net dividend of 4.4 per cent per annum and 4 per cent per annum respectively. The dividend is payable to preference shareholders registered in the books of the company at the close of business on Monday, 18th December, 1978.

The transfer registers will be closed from 19th to 29th December 1978 both dates inclusive, and dividend warrants will be posted on or about Friday, 29th December, 1978.

In the case of dividends payable by the U.K. paying agents to preference shareholders whose registered addresses are in the United Kingdom or to preference shareholders who have mandated payment to addresses in the United Kingdom, there will be deducted United Kingdom income tax at the basic rate reduced, for double taxation relief purposes, by the allowable rate of Zambian withholding tax (at present 15 per cent), except where authority has been received from the Inspector of Foreign Dividends not to deduct United Kingdom tax. In all other cases no United Kingdom tax will be deducted.

The payment of preference dividends is subject to the Zambian exchange control regulations. The terms of the present regulations are such that the remission of dividends is permitted only at the end of the financial year of the Zambian companies declaring such dividends and is subject to the amount being remitted not exceeding 30 per cent of the proportion of the net profit attributable to the external shareholders or 10 per cent of the capital of the company attributable to those shareholders, whichever is the lesser. Permission to remit any part of preference dividend No. 18 has, accordingly, not been obtained.

The company's current financial year-end is 31st March, 1979 and it is therefore expected that remission of preference dividend No. 18 will be after that date.

By order of the Board.
R. L. BWALYA.
Director of Administration and Company Secretary

74 Independence Avenue,
Lusaka, Zambia.
22nd November, 1978.

STOCK EXCHANGE REPORT

Ford return-to-work brings extended rally in equities

30-share index regains 4.6 more at 478.6—Gilts also firm

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Nov. 13	Nov. 23	Nov. 24	Dec. 5
Nov. 27	Dec. 7	Dec. 8	Dec. 19
Dec. 11	Dec. 28	Dec. 29	Jan. 9

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

After looking none too sure in the first half-hour or so of business yesterday, leading equities extended Tuesday's technical recovery as hopes began to rise that the mass meetings being held at Ford would accept the company's latest wage offer. The optimism was later justified by the vote for a return-to-work at many plants and sentiment received a further mild boost.

Institutional quarters were showing interest in selected lines of top quality shares but the inquiries rarely led to any worthwhile business. However, a small demand and the continued absence of selling pressure encouraged dealers to mark values higher on the view that **Courtaulds'** unexpectedly good interim results could augur well for ICI's third-quarter figures, due to be announced today.

The fact that the rally of the past two days has not produced any significant improvement in the volume of business raised doubts about the movement progressing much further unless new factors emerge to counter wage explosion fears and bolster investment enthusiasm. Prices accordingly eased away from the best levels and, after being 5.5 up at 1 p.m., the FT Industrial Ordinary share index closed 4.6 higher on the day at 478.6.

Investment funds were moving in on short-dated Gilt-edged securities with this end of the market not currently under the control of a tap stock. A modest demand was sufficient to bring gains extending to ½, as business was hindered by a stock shortage. The recently exhausted medium tap **Exchequer 10 per cent 1983** advanced ½ more to 80½, at which level the return is slightly less than new tap Exchequer 12½ per cent 1985, due to begin life tomorrow.

Trade among the longs was less eventful but quotations started ½ dearer, only to react and then pick up again later on the appearance of a few buyers. Reflecting the overall firmness, the FT Government Securities index rallied 0.12 further to 68.31. Corporations were content to follow the past two-day movement in the main funds and settled with rises ranging to ½.

Interest in the investment currency market waned considerably and after moving between extremes of 80½ and 84½ per cent, the premium closed ½ down on balance at 84½ per cent. Yesterday's SE conversion factor was 0.7185 (0.7248).

Interest in Traded Options remained at a low ebb. Only 475 contracts were completed compared with the previous day's 522 and Monday's all-time low of 199.

Barclays better

The major clearing banks made modest headway in thin trading. **Barclays** closed 6 to the good at 348p after 350p, while **Midland** firmed 3 to 345p, after 348p. News that Lloyds is planning to open a large number of branches on Saturday mornings promoted only a modest gain of 2 to 262p, after 264p. After reporting sharply increased annual earnings on Monday, **ANZ** rose 8 to 300p among overseas issues, while **Hong Kong and Shanghai** gained a like amount to 255p. Still reflecting the disappointing interim report, **Hambros** declined 5 more at 158p.

A continuation of Tuesday's firmer trend in Insurances ended with closing gains ranging to 7. **Royals** ended that much better at 360p, while **Phoenix** firmed 6 to 255p and **Eagle Star** 5 to 141p.

Breweries and kindred issues closed a shade harder, although trading volume was negligible. **Allied** added a penny to 85p on further consideration of Tuesday's pleasing statement. **Arthur Guinness**, 170p and **Wolverhampton and Dudley**, 214p both firmed 2 and **Distillers** put on 3 to 202p.

Housebuilders **Milbury** hardened 2 to 50p in response to the satisfactory interim results, while **Barratt** added a penny to 106p following the chairman's statement about current profits at the annual general meeting. Among Contracting and Construction issues, occasional interest left **Taylor Woodrow** 5 firmer at 408p and **Brown and Jackson** 6 to the good at 214p while ahead of today's mid-term figures, **Redland** put on 4 to 158p. Awaiting the interim announcements, **FPA** and **French Kier** both improved a penny to 17p and 57p respectively. Scattered demand took **Blue Circle** up 4 to 259p and **BMC** up 2 to 126p.

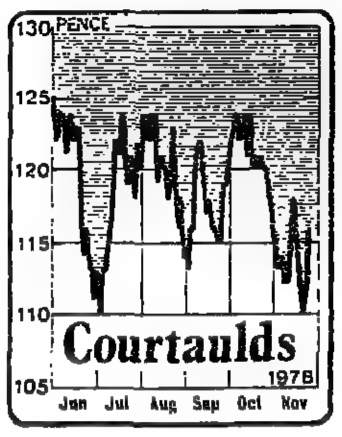
Awaiting today's third-quarter figures, **ICI** progressed to 366p, but subsequently shaded to close just 2 higher on balance at 364p. **Fisons** found a little support and hardened 4 to 307p, but **Wolstenholme** eased 3 to 130p. Ahead of today's interim results, **Leigh Interests** were the turn firmer at 115p.

Burton wanted

Stores were notable for a burst of speculative activity in **Burton** issues which left the Ordinary 9 higher at 180p, the A 6 better at 169p and the **Warrants** a penny harder at 41½p after 42½p. **Gussies** A gained 4 at 302p, but **House of Fraser** softened 2 to 145p, the latter in front of today's third-quarter figures. Elsewhere, small investment demand helped **W. L. Pawson** put on 4 to 61p, while improvements of 2 and 3 respectively were seen in **Cantors**, 38p, and **Alfred Preedy**, 83p. **Peters** added 2 to 44p on further consideration of the chairman's encouraging statement.

A sharp increase in first-half profits helped **MK** feature **Electricals** with a rise of 6 to 213p, after 214p. Renewed demand ahead of next Wednesday's interim results left **Racal** a further 4 better at 324p, after 326p, while **Newman Industries** improved 1½ to 79p in response to Press comment. **Telephone Rentals**, 138p, and **United Scientific**, 232p, rose 6 and 7 respectively and **Wholesale Fittings** gained 4 at 214p. Comment on the £32m acquisition of the U.S. office equipment company A. B. Dick, prompted a fresh improvement of 2 to 318p, after 319p, in **GEC**.

Quiet conditions persisted in Engineerings, but the trend was towards slightly higher levels. Occasional support lifted **John Brown** new shares 4 to 46p premium, with the old a similar amount dearer at 288p. **Hawker Siddeley** hardened 3 to 225p and **Vickers** improved 2 to 194p. Interest in secondary issues was also at a low ebb; among the scattered improvements, **Wagon Industrial** gained 3 to 145p, while buyers again showed interest in **Brooke Tool**, up another 2 at 43p. **E. Allen Balfour** hardened a penny to 37p following the interim statement and **William Boulton** closed a shade better at 21p in response to an investment recommendation. **Laird Group** gained 3 to 84p and **Weeks Associated** put on 1½ to 28p in smaller-priced issues. On the other hand, **Ransomes Sims**, at 153p, gave up the previous day's rise of 5, while **Harry Sykes** eased 2 to a low for the year of 71p.



Tesco hardened a penny to 34p in response to the satisfactory interim profits and the board's confident statement, while the encouraging profit forecast contained in the offer document relating to the merger with Allied Retailers lifted **Associated Dairies** 2 for a three-day rise of 12 at 180p. **J. Sainsbury** attracted modest investment interest and firmed 6 to 233p, but adverse Press comment left **Kwik Save** a penny cheaper at 82p. **Avana** advanced 3½ to 64p on speculative demand and, ahead of tomorrow's interim figures, **Robertson** added 2 to 151p. **Standing** ½ higher ahead of the preliminary results, **Albert Fisher** came back on the announcement to close that much easier at 9p.

Myddleton Hotels, subject of an agreed 300p cash per share bid from **Ladbroke**, firmed 5 to 295p, the latter, a dull market of late, encountered cheap buyers and improved 5 to 166p. **Mount Charlotte**, with a near-10 per cent stake in Myddleton, gained another 2 to 29p.

'Suits' up

Miscellaneous Industrial leaders took the previous day's technical improvement a stage further yesterday. Comment on the better-than-expected interim results and proposed dividend-boosting £35.9m rights issue helped **Metal Box** put on 8 to 320p, for a two-day rise of 22. **Glaxo** firmed 10 to 335p and **Beecham** added 6 at 612p, the latter's new nil-paid shares improved 3 to 40p premium. Buying ahead of next Thursday's mid-term figures left **Scottish and Universal Investments** 7 higher at 128p. Elsewhere, **Smiths Industries** rose 4 to 214p in response to the chairman's encouraging statement and **Wage Potteries** put on the same amount to 35p following comment on the record profits. **Pauls and Whites** improved 2 to 116p in front of today's interim figures, while **Feedex** remained in demand and closing 2 dearer at a 1978 peak of 39p. **Johnson and Barnes** hardened a fraction to 10½p, after 11p, despite reporting an increased loss for the year. **Hay's Wharf** relinquished a penny to 128p in front of today's preliminary results.

A good market of late, **Norton and Wright** encountered profit-taking and closed 16 lower at 147p, after 145p. In contrast, **Management Agency and Music** held a gain of 6 at a 1978 peak of 103p following Press comment.

After recent firmness in anticipation of the event, exceptionally quiet Motor sectors made little response to the long-awaited settlement to the Ford strike. Components moved slightly ahead, **Lucas**, 302p, **Dunlop**, 67p, and **Dowty**, 268p, all putting on 2. Distributors edged downwards where changed; **BSG** eased ½ to 38½ and **Harold Perry** shed a penny at 114p.

Underlying sentiment in Newspapers was quietly firm. Following a 27 per cent increase in six-month pre-tax profits **Associated Newspapers** advanced 10 to 188p; **Daily Mail A** rose 13 to 367p in sympathy. Elsewhere, **Mills and Allen** encountered speculative demand and reached a 1978 high of 210p before finishing a net 5 to the good at 207p.

Selected Property issues made progress on speculative interest. In a thin market, **Estates and Agency** gained 6 to 54p, while **Bellway**, at 76p, added a penny for a two-day rise of 3½. In the leaders, **Stock Conversion** improved 4 to 268p, but other gains were usually restricted to a penny or so. Dull of late on Far Eastern influences, **Hong Kong Land** rallied 4 to 124p and **Swire Properties** 2 to 46½p.

Oils continue quietly

British Petroleum improved to 930p initially, but shaded on unfavourable Wall Street influences and finished just 2 higher on balance at 926p. Similarly, **Shell** progressed to 585p before settling at 580p, up a net 5. Elsewhere, satisfactory interim results left **Century** a penny better at 64p.

Small buying interest developed in Trusts and modest gains were fairly commonplace throughout the list. **Cambrian and General** were noteworthy for a rise of 4 to 92p, while gains of around 2 were seen in **City and International**, 96p, and **Temple Bar**, 91½p.

Among Financials, **Akroyd and Smithers** closed 3 cheaper at 195p awaiting today's annual results.

Shippings displayed a firmer trend again. **P and O** rallied a penny more to 79p and **Ocean Transport** edged up 2 to 106p.

After announcing interim results above market expectations and forecasting a better second-half, **Courtaulds** rallied 4 to 116p. On the dividend-boosting rights issue and the company's confident trading statement, **David Dixon** touched a 1978 peak of 116p—before closing a net 2 up at 114p. **Bulmer and Lumb** improved 2 to 36 on satisfactory first-half results, while **Illingworth Morris** also gained 2, to 32p.

Tobaccos attracted a little more interest than of late and **Bats** rose 4 to 279.

Quiet Golds

Trading in South African Gold shares was again at minimal levels but nevertheless prices edged higher for the fourth successive trading day reflecting the continuing steadiness of the bullion price. The latter was finally 12.5 cents firmer at $200.625 per ounce despite the result of the U.S. Treasury gold auction, which was considered slightly disappointing.

The share market opened higher owing to a considerable overnight U.S. demand but thereafter tended to drift. The Gold Mines index showed a 0.3 gain at 132.8 but the ex-premium index fell 0.6 to 95.4.

South African Financials were similarly quiet with the exception of **UC Investments**, which climbed 8 to 208p following Cape support, and **Union Corporation**, which put on 6 to 256p. **De Beers** rallied from 342p to close a penny harder on balance at 345p. **Anglo American Corporation** were unaltered at 298p in front of the half-yearly results which are expected today.

London-registered Financials failed to attract much interest despite the firmness of the UK equity market. **Mincorp**, however, rose 2 to a 1978 high of 62p following the better-than-forecast pre-tax profits for the year.

Australians staged a strong rally with London buying producing rises of 10 in **Conzinc Riotinto**, 240p and **Peko-Wallsend**, 440p. Base-metal miners all gained ground with improvements of around 4 common to **BH South**, 112p, **MIM Holdings**, 188p and **Western Mining**, 124p.

Elsewhere, **Westfield** moved erratically in active trading: after opening lower at 260p the shares dropped to 230p on profit-taking before recovering strongly to close only 6 down on balance at 264p following renewed speculative buying.

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (10)

INDUSTRIALS (4)
Aronson (A.) Klaon-E-Ze
Feedex Wade Potteries

LEISURE (1)
Man. Agcy. & Music

MOTORS (1)
Plaxtons

PAPER (1)
Mills & Allen

PROPERTY (1)
Bellway

TEXTILES (1)
Dixon (David)

MINES (1)
Mincorp

NEW LOWS (12)

LOANS (1)
I.C.F.C. 6 pc Deb 1981-84

BANKS (1)
Joseph (Leo)

BUILDINGS (2)
Bett Bros. Rohan

ENGINEERING (1)
Sykes (H.)

FOODS (1)
Barrow Milling

INDUSTRIALS (1)
L.R.C. Int.

SOUTH AFRICANS (1)
Gold Fields Prop.

TOBACCOS (1)
Siemssen Hunter

TRUSTS (1)
Fundinvest Inc.

MINES (2)
Falcon Tvl. Cons. Land.

FINANCIAL TIMES STOCK INDICES

	Nov. 22	Nov. 21	Nov. 20	Nov. 17	Nov. 16	Nov. 15	A year ago
Government Secs.	68.31	68.19	67.97	68.22	68.27	68.28	75.02
Fixed Interest	69.64	69.53	69.55	69.63	69.56	69.52	78.72
Industrial	478.6	474.0	468.8	472.8	471.0	475.6	470.0
Gold Mines	132.3	132.5	131.8	131.7	130.3	133.6	163.4
Gold Mines (Ex-$ pm)	95.4	96.0	96.0	94.4	91.5	93.9	103.1
Ord. Div. Yield	6.01	6.06	6.12	6.07	6.02	5.72	5.66
Earnings Yld % (full)	15.77	15.92	16.18	16.06	16.06	15.99	17.07
P/E Ratio (net) (*)	8.19	8.11	8.00	8.06	8.06	8.11	8.32
Dealings marked	4,301	4,126	4,268	5,758	5,909	4,956	[illegible]
Equity turnover £m	—	57.58	45.09	52.50	64.85	74.66	53.41
Equity bargains total	—	14,880	12,963	12,690	13,402	14,545	12,334

10 am 474.1. 11 am 477.1. Noon 478.0. 1 pm 478.5. 2 pm 478.2. 3 pm 478.7.

Latest Index 01-246 8026.

* Nil=7.94.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ pm index started June 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (5/1)	67.94 (10/11)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	69.50 (15/11)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	535.5 (14/9)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.6 (14/8)	130.3 (5/1)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm)	152.5 (14/8)	90.3 (1/3)	337.1 (3/4/74)	54.3 (26/6/76)

S.E. ACTIVITY

	Nov. 22	Nov. 21
—Daily		
Gilt-Edged	156.0	177.6
Industrials	151.7	136.6
Speculative	20.5	25.5
Totals	97.9	93.9
5-day Average		
Gilt-Edged	165.7	172.2
Industrials	134.9	132.6
Speculative	27.3	28.2
Totals	92.7	95.5

LONDON TRADED OPTIONS

Option	Ex'rcise price	January Closing offer	January Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	900	56	[illegible]	85	[illegible]	100	[illegible]	[illegible]
BP	950	19	[illegible]	55	[illegible]	[illegible]	[illegible]	[illegible]
Com. Union	140	12	[illegible]	18	[illegible]	[illegible]	[illegible]	[illegible]
Com. Union	160	5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Courtaulds	100	17	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Courtaulds	110	9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Courtaulds	120	5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Courtaulds	130	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GEC	280	40	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GEC	300	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GEC	360	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ICI	330	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ICI	360	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ICI	390	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ICI	420	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Land Secs.	200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Land Secs.	220	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marks & Sp.	80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marks & Sp.	90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shell	550	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shell	600	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Totals			[illegible]		201		[illegible]	
		November		February		May		
Boots	200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Boots	180	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EMI	160	[illegible]	[illegible]	4	[illegible]	6½	[illegible]	[illegible]
EMI	180	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Imperial Gp.	80	3	[illegible]	6½	5	7½	[illegible]	[illegible]
Imperial Gp.	90	[illegible]	[illegible]	3½	41	3	[illegible]	[illegible]
RTZ	220	18	[illegible]	24	2	32	[illegible]	[illegible]
Totals			88		104		15	

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	64	—	2
Corpns., Dom. and Foreign Bonds	26	2	35
Industrials	424	150	954
Financial and Prop.	194	24	294
Oils	11	5	21
Plantation	5	2	24
Mines	43	36	52
Recent Issues	6	1	17
Totals	771	220	1,419

APPOINTMENTS

Changes at Weir Westgarth

Mr. P. B. Simpkin has been appointed chairman and chief executive of WEIR WESTGARTH, the Weir Group's Glasgow-based specialist desalination plant company. He was previously managing director. The former chairman, Mr. G. F. Arkless, who is also a main Board director of the Weir Group with special responsibility for product development, will continue to be a director of Weir Westgarth.

Mr. Derrick Hedley will be joining Weir Westgarth as managing director towards the end of 1978. He is at present with Brown and Root, international engineers and constructors, at the European engineering division in London.

★

Mr. A. S. H. Fisher is resigning as an associate director of LEOPOLD JOSEPH AND SONS and manager of the discount department to take a new appointment.

★

Mr. James Elmslie has been appointed a director of PEARL ASSURANCE COMPANY from January 1. He will continue to be the company's actuary. He has been a tutor and examiner for the Institute of Actuaries, and currently serves on a number of committees of the Life Offices Association and Industrial Life Offices Association.

★

Mr. Lionel G. Grant has been appointed company secretary of COMMONWEALTH DEVELOPMENT FINANCE COMPANY. In succession to Mr. David A. Wighton, who retires at the end of the year.

★

Mr. M. C. V. Hey has been made general manager of COMEX DIVING in succession to Mr. J. P. Grey who becomes head of Comex Services technical division. Mr. G. Arnoux has been appointed safety manager for all Comex Services diving operations worldwide.

★

Mr. Jurgen Mueller, styrene plastics marketing manager, DOW CHEMICAL EUROPE, Horgen, Switzerland, has chosen to retire for health reasons. The move will be effective in early 1979. Mr. Elmar Deutsch, manager of the Duesseldorf sales office will replace Mr. Mueller. Mr. Peter Kunz, product marketing manager for polystyrene resins, has been named manager of the Dusseldorf sales office. Mr. Joachim Jantsch, manager of the Strasbourg sales office, will replace Mr. Kunz.

★

Mr. Ian Findlay, chairman of LLOYD'S OF LONDON, has been elected by the Lloyd's Committee for a second year of office.

Other top posts on the ruling Committee—the two deputy chairmanships—are filled by Mr. Charles Gibb who was re-elected to the office yesterday for a second term, and Mr. Peter Green. It is the first time that Mr. Green will have held the office, although he was on the Committee from 1974 to 1977. Mr. Green is a main Board director of the Hogg Robinson Group, insurance brokers. He is a marine underwriter and chairman of Janson Green and Janson Services, part of the underwriting division of the Hogg Robinson Group.

★

GIBBONS DUDLEY announce that Mr. J. B. Pearson and Mr. G. J. Stanley have been appointed joint managing directors and Mr. J. C. Hodgson and Mr. K. C. Pegler have been appointed to the Board, all with effect from December 1.

★

Mr. Ian White has resigned as a director of Towry Law and Co., and joined the board of PARKDALE MANAGEMENT SERVICES. Mr. Peter Littlebales and Mr. Simon Harbottle have also resigned from Towry Law and join the board of Parkdale Management Services.

★

NORWICH BUILDING SOCIETY announces that Mr. Arthur H. Colman has relinquished the chairmanship of the board but will remain a director. Mr. W. Eric Cartmell becomes chairman and Mr. R. W. Sutton has been appointed vice-chairman of the society.

★

Mr. K. W. Mulberry has been appointed manager, technical services of PEMBROKE CRACKING COMPANY, the partnership formed by Texaco and Gulf Oil (Great Britain) to own, construct and operate a fluid catalytic cracking unit at Pembroke in South Wales.

★

Mr. A. H. Griffiths, assistant managing director of Brockhouse, has been invited to join the board of W. G. ALLEN AND SONS (TIPTON) in a non-executive capacity. He will be taking up the appointment next month.

★

Mr. G. R. Ireland has joined the Board of OAKSIDE INDUSTRIAL HOLDINGS. He will also be a director of the two operating divisions, Acmade International, film editing equipment, and Oakside Electronics, advanced electronic products.

★

The CORPS OF COMMISSIONAIRES has announced the election of the following to the administrative board of governors and as governors of the Corps: Admiral Sir Nigel Henderson, whose last appointment was chairman of the military committee at NATO; General Sir Patrick Howard-Dobson, quarter master general of the Army; and General Sir Harry Tuzo, until recently deputy supreme allied commander, Europe.

★

Mr. Roger A. Ravenall has been appointed sales director of Coventry-based PLUMB CONTRACTS, shopfitting and contract furnishing.

★

The Secretary of State for Energy, has appointed Mr. R. W. Gurney as a part-time member of the SOUTHERN ELECTRICITY BOARD for three years from November 8. He is managing director of Twining Crosfield and Co.

★

Dr. John R. McPhee, the Australian scientist whose work led to the production of fully machine-washable wool knitwear, has been promoted to deputy managing director of the INTERNATIONAL WOOL SECRETARIAT.

★

The Prime Minister has reappointed Sir Frederick Dainton and Prof. T. R. E. Southwood as trustees of the BRITISH MUSEUM (Natural History) on the expiry of their terms of office on December 31.

★

Mr. Chas. E. Hall has been appointed as BRITISH INSURANCE BROKERS' ASSOCIATION consumer relations officer. He will primarily deal with requests for help or complaints from the public. Mr. Hall was previously a director of the F. E. Wright Group of insurance brokers.

★

Mr. Alec H. F. Hayward has been elected chairman of council of the METAL PACKAGING MANUFACTURERS ASSOCIATION. He is chairman and managing director of the Crown Cork Company. Mr. Derek B. Huffam, retiring chairman of MPMA, has been elected president of the co-ordinating organisation for Europe's can and metal closures manufacturers. Mr. Huffam is vice-chairman of Metal Box.

★

Mr. Bernard R. Garner has joined the Board of LEX SERVICE GROUP as an executive director and chief financial officer. He was formerly group finance manager to The Chloride Group.

★

Mr. William F. Tristram has been appointed sales director of DOWTY HUCKNALL.

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Nov. 21	Dec. 4	Feb. 22	Mar. 6
Dec. 5	Dec. 18	Mar. 8	Mar. 20
Dec. 19	Jan. 8	Mar. 22	Apr. 3

For rate indications see end of Share Information Service

Money was given for the call in Burmah Oil, Barker and Dobson, Cattles Holdings, Lonrho, Duple International, Celtic Haven, Ladbroke Warrants, Mining Investment, Premier Oil, Kitchen Queen, Braby Leslie, Redfearn National Glass and Comfort International. Puts reported included Phoenix Assurance and Redfearn National Glass, while a double option was completed in FNFC 9½ per cent Loan.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
Beecham 'New'	Nil/pd.	13	40pm	+ 3	41pm	28pm
BP	£1	12	926	+ 2	926	720
Barclays Bank	£1	11	348	+ 6	368	296
BATs Defd.	25p	10	244	+ 3	304	227
Shell Transport	25p	10	580	+ 5	602	484
GEC	25p	9	318	+ 2	340	233
Brown (J.) 'New'	Nil pd.	8	46pm	+ 4	64pm	42pm
Courtaulds	25p	8	116	+ 4	131	100
Marks & Spencer	25p	8	85	—	94	67½
Royal Insurance	25p	8	360	+ 7	423	338
Distillers	50p	7	202	+ 3	215	163
Glaxo	50p	7	535	+ 10	648	515
ICI	£1	7	364	+ 2	421	328
Midland Bank	£1	7	345	+ 3	390	330
BICC	50p	6	127	+ 1	143	90

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
42	F.P.	24/11	45	43	Arncliffe Hldgs.	44	+1	u2.ec	2.4	8.7	7.1
$50.50	F.P.	—	65	61	Ashton Mining 50c	64	+3	—	—	—	—
29	F.P.	—	31	29	Kitchen Queen 10p	30½		—	—	6.6	5.0
‡‡	F.P.	—	121	100	Rightwise	116		—	—	—	4.9

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price £	+ or −
£99¾	F.P.	—	99½	99½	Anglesey Variable 1983	99½	
—	—	—	—	—	Assam Trading 5.6% Cum. Prf.	—	
‡	£10	4/1	11½	9½	Bristol Waterworks 7% Prf. 1983	10	
£100	F.P.	16/11	107	101	Crown House 10% Conv. 'Ersk.'	106	
£21	F.P.	—	99½	99½	Newman Inds 10% Acc. Prf.	99p	
	F.P.	26/10	140	118	Pen Laundries 10% Cnv. Cc.or	140	
£97½	£10	25/1	9½	8½	Rickmansworth & Uxbridge Water 7% Ex.	9¼	
‡‡	F.P.	—	137	105	Rightwise 10% Conv. Uns. 1995	127	
£99½	£50	10/1	49	46	Southwark Corp. 12½% Red. 1987	46¼	+¼
£97½	£10	26/1	9½	9¼	West Kent Water 7% Prf. 1983	9½	

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1978 High	1978 Low	Stock	Closing Price p	+ or −
30	Nil	7/11	14/12	70	40½	Astbury & Madeley	70	+2
560	Nil	—	—	41pm	28pm	Beecham	40pm	+5
55	Nil	30/11	24/11	74	57	Birmid Qualcast Hedge	57	
350	Nil	—	—	64pm	42pm	Brown (J.)	46pm	−4
67	F.P.	29/11	5/1	6½pm	5½pm	Capper-Neill	5½pm	−½
12	F.P.	18/10	30/11	18	15	Change Wares	14½	
88	Nil	17/11	8/12	110	104	Fothergill & Harvey	110	
130	Nil	—	—	12pm	10pm	Hoskins & Horton	10pm	
74	F.P.	—	—	6pm	3½pm	Newman Inds.	3½pm	
155	F.P.	6/11	8/12	196	162	Time Products	162	

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. r Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. † Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed., Nov. 22 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Tues., Nov. 21 Index No.	Mon., Nov. 20 Index No.	Fri., Nov. 17 Index No.	Thur., Nov. 16 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (171)	229.16	+0.7	17.07	5.53	8.04	227.67	225.90	227.58	227.84	196.29
2	Building Materials (27)	195.89	+0.8	18.03	5.78	7.63	194.28	192.28	193.17	192.87	184.86
3	Contracting, Construction (28)	363.91	+0.7	20.39	4.46	7.04	361.49	360.01	361.85	360.84	315.90
4	Electricals (14)	534.19	+0.6	13.71	3.49	10.05	530.79	523.96	531.33	528.59	413.69
5	Engineering Contractors (14)	357.07	+0.1	18.24	6.23	7.44	356.68	354.63	358.71	356.79	272.26
6	Mechanical Engineering (72)	179.55	+0.8	18.53	6.21	7.23	178.11	177.24	178.04	178.17	164.68
8	Metals and Metal Forming (16)	161.38	+0.3	16.85	8.86	8.25	160.85	160.04	160.82	160.46	155.33
11	CONSUMER GOODS (DURABLE) (53)	202.43	+0.7	17.21	5.29	7.74	200.98	199.28	200.12	198.88	188.12
12	Lt. Electronics, Radio, TV (16)	249.62	+0.6	14.56	4.11	9.63	248.01	245.89	247.59	245.36	226.76
13	Household Goods (12)	171.55	+0.6	17.61	6.64	7.29	170.46	169.55	169.82	169.82	177.35
14	Motors and Distributors (25)	120.57	+0.9	21.63	6.98	5.80	119.54	118.46	118.49	118.26	119.90
21	CONSUMER GOODS (NON-DURABLE) (172)	207.26	+0.7	16.07	6.04	8.39	205.80	203.51	204.54	203.39	191.82
22	Breweries (14)	227.47	+0.7	14.92	6.27	9.33	225.92	223.83	224.86	224.59	219.03
23	Wines and Spirits (6)	283.91	+1.3	15.13	5.07	9.76	280.28	278.64	278.89	276.61	229.57
24	Entertainment, Catering (17)	258.69	+1.1	14.33	6.80	10.18	255.83	252.92	254.11	252.31	245.22
25	Food Manufacturing (19)	203.49	+0.4	18.70	5.48	7.13	202.77	200.66	201.83	200.25	190.37
26	Food Retailing (15)	223.31	+1.3	13.73	5.30	10.14	220.55	216.93	216.69	216.00	197.64
32	Newspapers, Publishing (12)	370.37	+1.5	21.34	6.53	6.62	364.75	365.73	367.81	367.89	322.39
33	Packaging and Paper (15)	132.40	+0.1	19.46	7.83	6.77	132.29	129.89	131.62	130.23	120.60
34	Stores (40)	194.83	+0.4	11.81	4.77	12.18	194.12	192.07	193.48	192.89	184.58
35	Textiles (25)	176.01	+1.8	18.56	8.31	6.99	172.98	172.04	173.46	173.66	162.72
36	Tobaccos (3)	231.33	+0.9	23.80	8.11	4.97	229.24	225.68	225.68	224.19	210.75
37	Toys and Games (6)	93.53	—	24.24	6.91	4.82	93.53	90.65	90.12	92.77	102.44
41	OTHER GROUPS (99)	193.67	+0.7	16.08	6.38	7.99	192.33	190.84	192.16	192.25	187.04
42	Chemicals (19)	274.77	+0.5	16.66	6.88	7.81	273.36	272.03	273.70	274.04	256.83
43	Pharmaceutical Products (7)	242.99	+1.1	11.42	4.79	10.61	240.43	[illegible]	240.96	241.82	[illegible]
44	Office Equipment (6)	128.01	+0.7	18.98	5.95	6.28	127.06	125.24	126.72	125.32	119.60
45	Shipping (10)	399.75	+1.0	15.13	7.61	8.38	395.90	393.90	400.63	395.78	449.70
46	Miscellaneous (57)	209.35	+0.6	18.04	6.73	7.35	208.11	206.15	206.66	206.57	192.79
49	INDUSTRIAL GROUP (495)	215.71	+0.7	16.41	5.94	8.15	214.22	212.84	213.53	212.81	198.24
51	Oils (5)	518.97	+0.5	13.46	3.87	8.06	516.31	513.26	509.82	508.35	500.88
59	500 SHARE INDEX	240.74	+0.7	15.95	5.61	8.13	239.14	236.91	238.01	237.23	222.95
61	FINANCIAL GROUP (100)	163.63	+1.2	—	5.97	—	161.67	160.31	161.12	160.35	158.24
62	Banks (6)	187.77	+0.9	24.86	6.24	6.03	186.01	184.94	186.53	185.25	180.88
63	Discount Houses (10)	207.72	−0.6	—	8.47	—	208.94	205.32	204.75	203.82	195.28
64	Hire Purchase (5)	139.03	−0.3	17.52	5.93	7.53	139.48	137.02	137.13	136.39	158.35
65	Insurance (Life) (10)	133.62	+2.8	—	7.03	—	130.02	127.95	129.11	128.26	130.91
66	Insurance (Composite) (7)	123.54	+2.0	—	7.10	—	121.07	119.89	120.25	119.23	126.96
67	Insurance Brokers (10)	317.42	+1.0	15.05	5.27	9.48	314.39	313.66	314.12	319.24	309.52
68	Merchant Banks (14)	76.07	−0.2	—	6.44	—	76.21	75.97	75.80	75.67	79.81
69	Property (31)	251.43	+0.6	3.71	3.00	44.92	250.04	247.35	248.64	248.27	214.16
70	Miscellaneous (7)	106.96	+0.2	23.65	7.86	5.47	106.75	105.79	106.92	104.74	101.39
71	Investment Trusts (50)	203.10	+0.7	—	5.26	—	201.66	200.18	200.01	200.49	198.95
81	Mining Finance (4)	100.41	−0.1	18.72	7.09	6.58	100.55	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (19)	304.84	+0.9	16.15	7.71	7.75	302.80	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (673)	219.86	+0.7	—	5.73	—	218.21	216.23	217.31	216.60	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Wed., Nov. 22	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	103.45	+0.26	—	8.19
2	5-15 years	112.27	+0.27	—	8.82
3	Over 15 years	116.38	+0.34	—	12.55
4	Irredeemables	120.58	—	—	13.32
5	All stocks	110.08	+0.25	—	9.91

FIXED INTEREST YIELDS

	Br. Govt. Av. Gross Red.		Wed. Nov. 22	Tues. Nov. 21	Year ago (approx.)
1	Low Coupons	5 years	9.54	9.51	[illegible]
2		15 years	11.69	[illegible]	[illegible]
3		25 years	12.22	[illegible]	[illegible]
4	Medium Coupons	5 years	12.58	[illegible]	[illegible]
5		15 years	12.70	[illegible]	[illegible]
6		25 years	[illegible]	[illegible]	[illegible]
7	High Coupons	5 years	12.54	[illegible]	[illegible]
8		15 years	13.25	[illegible]	[illegible]
9		25 years	13.28	[illegible]	[illegible]
10	Irredeemables		12.12	[illegible]	[illegible]

		Wed., Nov. 22 Index	Wed., Nov. 22 Yield %	Tues. Nov. 21	Mon. Nov. 20	Fri. Nov. 17	Thurs. Nov. 16	Wed. Nov. 15	Tues. Nov. 14	Mon. Nov. 13	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	55.14	13.33	55.14	55.14	55.16	55.10	55.10	55.10	60.37	61.93
16	Investment Trust Prefs. (15)	51.54	13.57	51.54	51.54	51.64	51.54	51.54	51.54	51.45	57.14
17	Coml. and Indl. Prefs. (20)	71.62	13.05	71.62	71.61	71.62	71.63	71.56	71.56	71.60	77.66

† Redemption yield. Highs, and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 22p.

BUILDING SOCIETY INTEREST RATES

GREENWICH
(01-858 8212)
281 Greenwich High Road, Greenwich SE10 8NL
Rates effective from December
*Deposit Rate 6.45%. Share Accounts 6.70%. Sub'pn. Shares 7.25%. Term Shares 2 yrs 7.45%, 3 yrs 8.10%. Interest paid quarterly on share & term shares. Monthly Income Shares 7.10%.

LONDON GOLDHAWK
(01-995 8321)
15-17 Chiswick High Road, London W4 2NG
Sub'pn. Shares 9.25%.
Deposit Rate 6.47%. Share Accounts 6.85%.
Rates effective from December
Sub'pn. Shares 9.50%. Deposit Rate 7.22%.
Share Accounts 8.25%.

هكذا من الأصل

مكتبة الأسد

AUTHORISED UNIT TRUSTS

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

Prices Nov. 15. Next dealing Nov. 22. *Prices at Oct. 31. Next dealing Nov. 30.

CORAL INDEX: Close 475-480

INSURANCE BASE RATES

†Property Growth	10¼%
†Vanbrugh Guaranteed	10.75%

†Address shown under Insurance and Property Bond Table.

As at Oct. 31. Next sub. day Nov. 30.

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	HK$378.56	.....	1.90
Jardine J'pn.Fd.*	HK$410.21	.....	0.80
Jardine S.E.A.	$US17.37	.....	2.00
Jardine Flem.Int.	HK$11.75	.....	—
Intl. Pac Secs.(Inc.)	HK$14.19	.....	—
Do. (Accum.)	HK$14.33	.....	—

NAV Nov. 14. *Equivalent $US85.55
Next sub. Nov. 30.

Warburg Invest. Mngt. Jrsy. Ltd.
1, Charing Cross, St. Helier, Jsy. CI 0534 73741

CMF Ltd. Oct. 26	$US14.57	14.95	.....	—
CMT Ltd. Oct. 26	£14.62	15.00	.....	—
Metals Tst. Nov. 16	£12.73	13.04	.....	—
TMT Nov. 9	$US9.96	10.21	.....	—
TMT Ltd. Nov. 9	£9.37	10.13	.....	—

World Wide Growth Management
10a, Boulevard Royal, Luxembourg.
Worldwide Gth Fd | $US14.47 | -0.02 | —

NOTES

Prices do not include $ premium, except where indicated ‡, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Net of tax on realised capital gains unless indicated by ¶. ‡ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

BONDS & RAILS—Cont.

[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium 39% (based on US$1.9480 per £)
Conversion factor 0.7160 (0.7246)

CANADIANS

[illegible]

S.E. List Premium 39% (based on $2.2870 per £)

BANKS AND HIRE PURCHASE

[illegible]

BANKS & HP—Continued

[illegible]

Hire Purchase, etc.

[illegible]

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[illegible]

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[illegible]

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[illegible]

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INSURANCE—Continued

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OVERSEAS TRADERS

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RUBBERS AND SISALS

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TEAS

India and Bangladesh

[illegible]

Sri Lanka

225	123	Lunuva £1	210	-3	15.58	1.5	4.0

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

CENTRAL AFRICAN

[illegible]

MINES—Continued

AUSTRALIAN

[illegible]

TINS

[illegible]

COPPER

104	60	Messina R0.50	60		tQ30c	1.9	‡

MISCELLANEOUS

[illegible]

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency exclusive of the investment dollar premium. These prices are available only to non-UK residents.

$15¼	$10¼	Buffels R1	$10¾	.....	Q170c	1.8	18.4
$11¾	830c	East Drie R1	865c	+5	tQ78c	1.7	10.4
585c	330c	East Rand Prp R1	380c	-10	—	—	—
$28½	$16½	F.S. Geduld 50c	$17½	+½	Q315c	ϕ	21.2
$15½	975c	Pres. Brand 50c	$11		Q150c	ϕ	15.7
$13⅝	900c	St. Helena R1	$10	-½	Q190c	ϕ	22.0
465c	313c	Stilfontein 50c	385c	-5	tQ22c	2.3	6.6
$17⅞	$16½	Vaal Reefs 50c	$17¼	.....	Q115c	3.3	7.7
$37	$25	West Drie R1	$27¼	+¼	Q385c	1.7	16.0
$31¼	$19	West Hldgs 50c	$20½	+½	Q315c	ϕ	23.4
$12½	895c	Western Deep R1	988c	-12	Q82.5c	2.4	9.6

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ▲ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ● Excluding a final dividend declaration.
- ✦ Regional price.
- ll No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimate for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 38

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	26	.....	Sheffield Brick	57	+2
Ash Spinning	63m	.....	Sheff. Refreshmt.	57	.....
Bertam	15	.....	Sindall (Wm.)	114	.....
Bdgwtr. Est. 50p	323	.....			
Clover Croft	26	.....	**IRISH**		
Craig & Rose £1	615	+10			
Dyson (R. A.) A	37	.....	Conv. 9% '80/82	£89¼	+¼
Ellis & McHdy	66m	.....	Alliance Gas	96	+1
Evered	24	.....	Arnott	340	
Fife Forge	52	.....	Carroll (P. J.)	100	
Finlay Pkg. 5p	21	.....	Clondalkin	97	
Graig Ship. £1	130	.....	Concrete Prod.	130	
Higsons Brew	75	.....	Heiton (Hldgs.)	49	
Holt (Jos.) 25p	252	.....	Ins. Corp.	160	
I.O.M. Stm. £1	178		Irish Ropes	105	-1
Nthn. Goldsmith	70	.....	Jacob	52	-3
Pearce (C. H.)	190	.....	T.M.G.	175	+3
Peel Mills	21	.....	Unidare	85	-3

OPTIONS

3-month Call Rates

Industrials		I.C.I.	20	Tube Invest.	30
A. Brew	6½	"Imps"	6	Unilever	35
A.P. Cement	18	I.C.L.	20	Utd. Drapery	7½
B.S.R.	9	Inveresk	8	Vickers	15
Babcock	11	KCA	3	Woolworths	5
Barclays Bank	25	Ladbroke	17		
Beecham	35	Legal & Gen.	14	**Property**	
Boots Drug	15	Lex Service	7	Brit. Land	3½
Bowaters	16	Lloyds Bank	22	Cap. Counties	4½
B.A.T.	24	"Lots"	4	E.P.	5
British Oxygen	6	London Brick	5	Intereuropean	4
Brown (J.)	20	Lonrho	5	Land Secs.	16
Burton 'A'	12	Lucas Inds.	25	MEPC	12
Cadburys	5	Lyons (J.)	10	Peachey	8
Courtaulds	10	"Mams"	7	Samuel Props.	9
Debenhams	8	Mrks. & Spncr.	10	Town & City	1½
Distillers	15	Midland Bank	25		
Dunlop	7	N.E.I.	12	**Oils**	
Eagle Star	11	Nat. West. Bank	22	Brit. Petroleum	45
E.M.I.	14	Do. Warrants	10	Burmah Oil	5
Gen. Accident	17	P&O Dfd.	8	Charterhall	3
Gen. Electric	18	Plessey	8	Shell	26
Glaxo	40	R.H.M.	5	Ultramar	20
Grand Met.	9	Rank Org. 'A'	18		
G.U.S. 'A'	20	Reed Intnl.	12	**Mines**	
Guardian	18	Spillers	3	Charter Cons.	12
G.K.N.	22	Tesco	4	Cons. Gold	18
Hawker Sidd.	20	Thorn	22	Rio T. Zinc	16
House of Fraser	12	Trust Houses	15		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Thursday November 23 1978

Treasury attacked for failing to reveal EMS impact

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE TREASURY was strongly criticised yesterday by an all-party committee of MPs for refusing to publish estimates of the impact of the proposed European Monetary System on the UK economy.

A report on the proposals by the Commons Expenditure Committee describes the Treasury's background memorandum as "uninformative."

Mr. Michael English, the Labour chairman of the sub-committee which conducted the inquiry, said yesterday that the Treasury had refused either to provide its own projections of the possible implications or to allow the MPs and their advisers to use its *forecasting model* of the economy.

Instead, Mr. Terry Ward, the sub-committee's specialist adviser from the Department of Applied Economics at Cambridge, has examined the possible results of British participation in the system.

He concludes that though different economic models now in use might give somewhat different results, it is extremely unlikely that any would show the system to have a beneficial effect on output and employment, on any plausible assumption about inflation.

On this basis, Mr. Ward calculates that total output would be 2.7 per cent lower in 1981 and employment 375,000 lower under a fixed exchange rate (the EMS) than under a floating regime which maintains constant competitiveness even if earnings rise only by 5 per cent a year.

If pay rose by 15 per cent a year there would be a loss of 1.07m jobs and 8.4 per cent of total output by 1981 compared with what would otherwise have happened.

The conclusions are believed to be broadly similar to some, though not all, of the projections contained in an assessment prepared by Treasury officials, but this view would be disputed by other economists.

Mr. English said yesterday that when the sub-committee visited Brussels it was told that the British Government had participated in public discussion of the system in the UK far less than other EEC Governments in their own countries, so that such discussion had been mainly restricted to technicalities.

The report itself is non-committal and mainly acts as a guide to the evidence, identifying the main issues and points of dispute. The Government will publish a Green Paper on the proposals *in a few days* and there will be a full Commons debate next week before the Cabinet reaches its formal decision, which will almost certainly be against immediate entry.

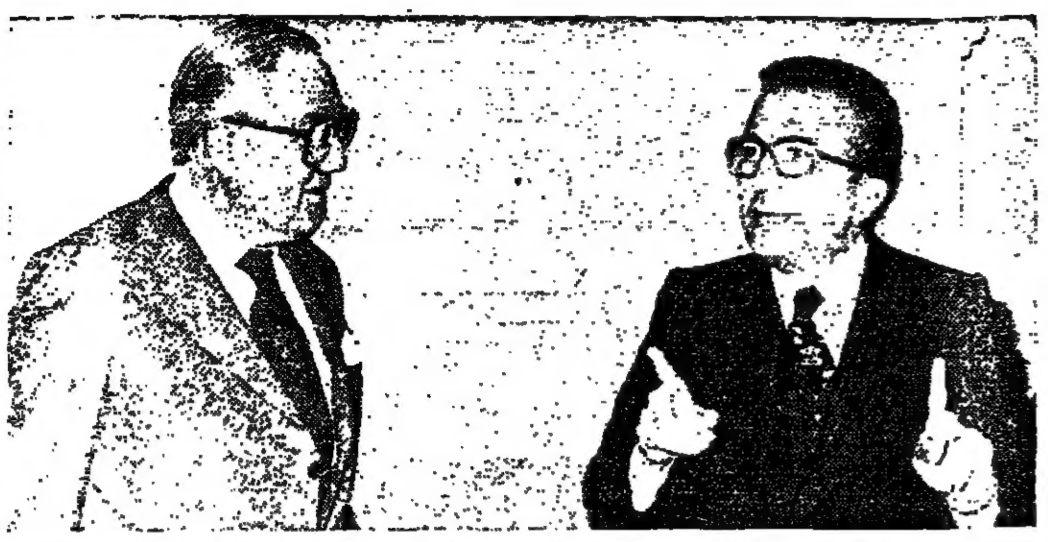
Mr. Nicholas Ridley, the senior Tory member of the sub-committee, said the system represented a major political initiative and it had been wrong to debate it as solely a tricky and complicated economic issue. He said the political side had been concealed from the British people.

But Mr. Giles Radice, a Labour member of the sub-committee, disagreed, saying that while he was pro-Europe he did not support UK participation at the moment.

The sub-committee received submisisons from 25 economists and politicians. The report notes that none of the economists or the clearing bankers who gave evidence would at present *advise* entry, although some economists might advise changes in UK economic policies leading to entry in two to five years.

Mr. English said the issue was essentially a political one. People should not say Britain must go in because of an immediate economic advantage to Britain, since there would not be one.

Details, Page 7: Editorial Comment, Page 18



Signor Guilio Andreotti, the Italian Prime Minister, talking with Mr. Callaghan at No. 10 Downing Street yesterday about European economic issues.

UK seeks share in frigates contract

BY LYNTON McLAIN

BRITAIN STANDS to gain a large part of a £663m contract for frigates for the Canadian Navy under the agreement reached last week with Genstar, one of the 25 largest companies in Canada.

At least three of the six advanced patrol vessels could be built at the order-starved yards of British Shipbuilders. But the Canadian Government will not decide which tender to accept until the end of 1980.

The *immediate* deadline British Shipbuilders and Genstar have to meet falls on December 19, when the project definition studies have to be submitted. These are now under way under an exclusive agreement reached with Genstar.

Both organisations have agreed to work together to prepare *a suitable design*.

Defence Ministers and officials from the Canadian armed forces are expected to narrow the field of organisations tendering for the contract to two groups by next June. The winning design will be chosen 18 months later.

The craft are expected to enter service with the Canadian Navy between 1985 and 1990.

Genstar is a diversified operating company which makes chemicals, fertilisers and building materials. It is involved in *shipbuilding* and repairing.

The company is controlled by the Belgian Société Generale and earned £11m in the third quarter this year.

Continued from Page 1

EMS

effectively. On this point Sir. Andreotti reached agreement with Mr. Callaghan.

Other points on which the two leaders are felt to be in agreement concern the technical, but nonetheless crucially important, issues, of the type of intervention scheme *to be used within* the EMS and the composition of the 25bn European units of account credit lines, which will be used to defend exchange *rates*.

Both countries want central banks to be obliged to intervene within the new system whenever their currencies get out of line against a currency basket, or trade-weighted index of Community currencies.

Both Britain and Italy also feel short-term facilities should make up 60 per cent of the proposed credit lines, whereas Germany and Holland think short and medium term credits should be of equal amounts.

Mr. Callaghan will be taking *bilateral discussions* a step further when he visits Paris tomorrow for talks with President Valery Giscard d'Estaing. He will also see Mr. Jack Lynch, and M. Gaston Thorn, the Prime Ministers of Ireland and Luxembourg respectively, in separate meetings in London on Monday and Tuesday.

THE LEX COLUMN

Improving trends at Courtaulds

Index rose 4.6 to 478.6

Although Courtaulds' profits are unchanged at £27.4m pre-tax in the six months to September, the underlying trend has clearly improved. In the first place, profitability was sliding right away in the second half of last year which—unusually — produced lower returns than the first six months. Secondly, the relative strength of sterling has knocked a big hole in the latest figures. Courtaulds reckons that profits could have been £10m higher if sterling had depreciated far enough to make up for the loss of competitiveness brought about by the UK inflation rate.

In the domestic market, the impact of the consumer upturn has been largely confined to the garment end of Courtaulds' business. Profitability on fabrics is a bit better, but has been held back by the fact that the UK has been the only strong market in Europe and has consequently been sucking in imports of fashion products such as corduroy and print fabrics. In UK fibres, volume has fallen slightly lower and prices remain patchy.

However the overall level of activity at home is recovering gently, and the same applies to the Continent where an upturn in consumer demand could reduce the pressure of imports on the UK fabrics side. The outlook for fibres in overseas markets is also rather more hopeful given recent currency movements and the fact that the prospect of a Davignon agreement has apparently led to *more price discipline* among the Continental majors.

So Courtaulds is not sticking its neck out when it forecasts higher profits in the current half, compared with a period last year which suffered badly from strikes and stock losses. The group's narrow operating margins make precise forecasts impossible, but £70m or more could well be feasible for the year compared with £53.7m pre-tax last time.

The longer term picture remains very uncertain. But Courtaulds still has a lot of new capacity waiting to be filled and is continuing to cut out loss makers. Meanwhile the prospective yield at 116p is comfortably over 10 per cent.

Tesco

Yesterday's interim figures from Tesco suggest that the High Street price war has developed into a three-horse race. The winners so far are Tesco, Sainsbury and Asda. The losers include the Co-op, the voluntary chains, the independents and the likes of International Stores. In the 24 weeks to mid-August Tesco's sales are up 34 per cent and pre-tax profit is £3½m ahead at £13.8m.

The impressive feature is that sales in the corresponding period were already benefiting significantly from the launch of Operation Checkout. Tesco reckons this reflects volume gains (mainly in food) on existing space of the order of 10 to 12 per cent. In contrast, Sainsbury claims to have gained about 16 per cent volume in the 28 weeks to mid-September—though this partly reflects the initial impact of Discount 78, which started in January.

So far therefore, it seems that Tesco's strategy is paying off. The initial concentration was on cutting the prices of dry goods *to bring in the customers*. Now that they have been attracted there has been a gradual switch in Tesco's product-mix towards higher-margin lines. It is to these, particularly meat and, to a lesser extent, fresh fruit and vegetables that Tesco attributes a good part of the interim gains. The impact also shows through at the net margin level where there has been a slight improvement, if all Checkout launch costs are counted.

Tesco sees a similar picture *continuing through* the current half, with sales currently running around 20 per cent better. This may offer some scope for further margin gains: at 2.6 per cent Tesco lags behind Sainsbury where the net margin is 2.9 per cent. So the outlook for the year is for pre-tax profits of the order £38m to £40m, compared with £28¼m. This may offer Tesco slight scope for a more than 10 per cent dividend increase. At 54p, the historic yield is 4.5 per cent.

Tap stock issues

After their recent heavy purchases of Government stock the big institutions are unlikely to be chasing after this morning's two new tap stock issues. The longer of the two, 12½ per cent Treasury 2003-2005, has the advantage of being partly paid, which might attract a few punters, but at the moment it is *maybe half a point above the* market. As for the medium stock, 12¼ per cent Exchequer 1985, which is yielding 12.84 per cent to redemption, it is looking marginally attractive against the recently exhausted 10 per cent Exchequer 1983. But in common with that stock it seems to have been pitched into a sort of no-man's land—it is too long for the banks and discount houses but it is not particularly attractive to the longer-term funds.

Indeed the only part of the gilt edged market which seems to have benefited from the authorities' recent gilt edged strategy has been the short end which has been left untapped. Despite the fact that one year money is yielding virtually the same as *high coupon* shorts (this time last year there was a gap of 5½ percentage points) short dated gilts have managed to move ahead during a period when Minimum Lending Rate has been increased by 2½ percentage points. How's that for stamina?

Big ruby field found in Australia

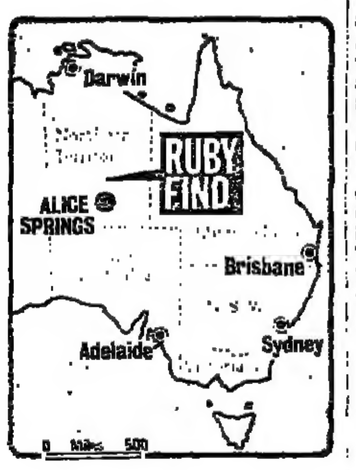
By Paul Cheeseright

A LARGE field of rubies—gemstones which have become increasingly rare—has been discovered in central Australia by Hillrise Properties of Melbourne.

This is the first discovery of rubies in Australia, and Hillrise said it was potentially among the top three ruby discoveries in the world.

Prices for rubies of well over $30,000 a carat have been paid for fine stones.

The new find is on the Amballndum Station, north east



of Alice Springs. The rubies *come from deposits of corundum*, a mineral valued as a source of abrasives and sapphires.

Mr. Neil Crowley, the managing director of Hillrise, said *samples had been extensively* tested in West Germany and Asia. The gemstones found so far had been of excellent quality.

Information at present is too scanty to give any clear idea of the find's value, or even, indeed whether it will turn out to be commercially viable. But if Mr. Crowley's apparent optimism is borne out by further exploration, then *a new source of supplies* will be a boon to jewellers.

Rubies of quality have been difficult to buy for several years. Mines in Burma, traditionally *famous for the quality of their* stones, are almost exhausted. Sri Lanka remains a source of some stones, and limited quantities are available from East Africa. *Exploration is going ahead in* Pakistan.

NEC to discuss Labour manifesto with Ministers

BY RICHARD EVANS, LOBBY EDITOR

THE FIRST skirmishings over the drafting of Labour's election manifesto opened yesterday with an invitation from Mr. James Callaghan for members of the party's National Executive Committee to meet senior Ministers on December 20.

The significance of the meeting, which will not reach any decisions on policy commitments, is that the Prime Minister is determined to retain full control *over all stages of drafting* and to keep all options open. He is seeking to avoid an alternative manifesto being drafted by the Left-dominated committee.

Mr. Callaghan suggested that the meeting, to be attended by all NEC committee chairmen and officers, should decide where there were broad areas of policy agreement between the Government and the NEC and "to see where work still needs to be done."

The manifesto is usually decided at a meeting of the full Cabinet and the NEC shortly before an election campaign. This is the first time there has been a preliminary meeting, *which is felt to be necessary* because of the widening rift between Government and party over economic policies in general and incomes *policy in particular*.

An indicaiton of feeling came when Mr. Callaghan's suggestion that Mr. Michael Foot, his deputy leader, should chair the meeting was rejected in favour of Mr. Frank Allaun, the Party's Left-wing chairman.

The split showed in two resolutions before the NEC, one attacking Government policy on Kirkby Manufacturing and Engineering, the Merseyside co-operative: the other criticising the Government's economic *policy, particularly in raising* interest rates.

The resolution on the co-operative, submitted by Mr. Eric Heffer, MP for Liverpool, Walton, reaffirmed support for the venture, criticised the decision to sell it to a private company, and called on the Government to reconsider its attitude.

It was passed by 19 votes to nil with about eight abstentions. Significantly, Mr. Anthony Wedgwood Benn, Energy Secretary and the chief sponsor of *the co-operatives, voted for the* resolution although it criticised Government policy. He did not take part in the debate.

It was decided that a deputation should see Mr. Callaghan and Mr. Eric Varley, Industry Secretary, to see if an alternative could be found.

The economic policy resolution was shelved until another deputation meets Mr. Denis Healey, Chancellor of the Exchequer. It accuses the Government of trying to make the trade union movement a *scapegoat* for "a lack of any effective control over the Bank of England, the money market and the City in general."

The NEC agreed, after some argument, to make £50,000 available for the Labour Party in Scotland to fight the referendum and £30,000 for Wales. The *money* will come out of the party's dangerously low general election fund, which now stands at £300,000, far short of the £1m thought to be needed for the general election.

A decision on whether to put £100,000 towards the campaign for direct elections to the European Parliament next June was postponed until next month's *meeting*.

TUC set to resume economic talks with Government

BY CHRISTIAN TYLER, LABOUR EDITOR

THE TUC general council showed yesterday that it wants to bury the hatchet after its rebuff *last week* to a pay and prices agreement with the Government worked out by its own senior negotiators.

It decided to ask the TUC economic committee to "continue discussions with the Government on developments in the economic situation," while trying to make plain that it would not revive the talks on pay bargaining that *so unexpectedly failed*.

Significantly, the talks will not be conducted by the six TUC members of the National Economic Development Council—the "Neddy Six"—but by the 14-strong economic committee. The failure of the proposed joint statement and guidelines for union negotiators has been partly attributed to the feeling of some union leaders that they were unnecessarily excluded from the last negotiations.

Indeed, the *future* of the Neddy Six as the normal TUC negotiating team is in some doubt: last week's 14-14 general council vote on their recommended *bargaining framework* was the first time they have failed to carry the day. The other likely consequence is that TUC discussions with Ministers *will not be shrouded* in the extraordinary secrecy that surrounded the recent talks.

Mr. Len Murray, TUC general secretary, stressed yesterday that *the new talks approach was only* a continuation of the normal contacts on general economic questions.

He said discussions with Ministers in the next couple of months would range over the employment consequences of new technology, hours of work (the *TUC wants a 35-hour week*), the Common Market and fiscal policy. "We are always looking for understandings and jointly agreed policies with the Government," he said.

The TUC would not try to revive talks on the joint statement. But some of the items dealt within that statement such as low pay, prices and "fair treatment for public sector workers" are still on the agenda.

Although the idea of monthly joint meetings of TUC leaders and Ministers specifically to monitor the rate of inflation now seems to have been shelved, the TUC remains committed to a "broad understanding" on the economy, including pay, each year.

Weather

UK TODAY

THERE WILL be some rain or drizzle at times, chiefly in the west but also some bright intervals. Scotland and Northern Ireland will have showers, and bright or sunny intervals. Showers will be wintry on Scottish hills and Northern Ireland will become cloudy later, perhaps with rain.

It will be rather cold in the north but very mild in the south.

Outlook: Rain, followed by brighter showery weather extending from the north. It will become *colder with night frost*.

BUSINESS CENTRES

	Y'day mid-day	°C	°F		Y'day mid-day	°C	°F
Amstrdm.	C	12	54	Luxembrg.	C	7	45
Athens	S	16	61	Madrid	S	13	55
Bahrain	F	21	70	Manchstr.	C	12	53
Barcelona	F	15	59	Melbourne	S	17	63
Beirut	S	20	68	Mexico C.	S	19	66
Belfast	C	12	54	Milan	S	5	41
Belgrade	C	2	36	Montreal	S	−6	21
Berlin	R	11	52	Moscow	C	3	37
Birmghm.	C	13	55	Munich	S	8	46
Bristol	C	14	57	Newcastle	C	14	57
Brussels	D	12	54	New York	C	4	39
Budapest	C	4	39	Oslo	S	9	48
B. Aires	C	22	72	Paris	C	13	55
Cairo	S	20	68	Perth	S	33	91
Cardiff	C	12	54	Prague	C	8	46
Chicago	[illegible]	2	36	Reykjavik	F	−4	25
Cologne	C	12	54	Rio de J'o	S	30	86
Copnhagn.	R	12	54	Rome	S	15	59
Dublin	C	13	55	Singapore	C	29	85
Edinbrgh.	C	13	55	Stockholm	S	9	48
Frankfurt	C	5	41	Strasbrg.	C	4	39
Geneva	C	8	46	Sydney	S	26	79
Glasgow	R	11	52	Tehran	S	9	48
Helsinki	R	2	36	Tokyo	C	16	61
H. Kong	S	23	73	Toronto	C	0	32
Jo'burg	S	21	70	Vienna	S	11	52
Lisbon	S	13	55	Warsaw	C	8	46
London	C	14	57	Zurich	C	6	43

HOLIDAY RESORTS

		°C	°F			°C	°F
Ajaccio	S	17	63	Las Plms.	F	23	73
Biarritz	S	12	54	Locarno	S	9	48
Blackpool	C	12	54	Majorca	F	18	64
Bordeaux	F	5	41	Malaga	F	19	66
Boulogne	C	13	55	Malta	C	18	64
Casablnca.	S	21	70	Nairobi	R	21	70
Cape Town	S	26	79	Naples	S	15	59
Corfu	S	17	63	Nice	S	18	64
Dubrovnik	S	15	59	Nicosia	F	21	70
Faro	S	19	66	Oporto	S	15	59
Florence	S	8	47	Rhodes	S	16	61
Funchal	F	20	68	Salzburg	S	9	48
Gibraltar	F	8	46	Tangier	S	21	70
Guernsey	C	13	55	Tenerife	S	21	70
Innsbruck	S	8	46	Tunis	F	18	64
Inverness	C	13	55	Valencia	F	19	67
I. of Man	C	13	55	Venice	S	11	52
Jersey	C	14	57				

S—Sunny. F—Fair. C—Cloudy. D—Drizzle. R—Rain.

MPs' 'watchdog' may see NEB books

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE GOVERNMENT is considering giving Parliament's Comptroller and Auditor-General a limited amount of access to the books of the National Enterprise *Board*.

This emerged yesterday when a Treasury Minute was published replying to a series of reports produced during the summer by the House of Commons' Public Accounts Committee.

Contrary to expectations, the minute did not reject a suggestion from the committee that the Comptroller-General should have "untrammelled access" to the books of both the NEB and the British National Oil Corporation.

Instead it said that the Government was considering the matter and would report its decision to the Commons "at an early date."

It is understood that Ministers have not yet reached a decision, but that they may do so in time for an announcement when Parliament debates the Treasury Minute, probably early next month.

The NEB, with the backing of both the Treasury and the Department of Industry, objected strongly in the summer to the Accounts Committee's suggestion about the Comptroller's access. Sir Leslie Murphy, the NEB chairman, said such a development would make it impossible to operate commercially with sensitive confidential information.

Now, however, it appears that growing political pressure for a more open style of government and for MPs to be better informed has led to a shift in the views of some Ministers.

The objective now is to find a new balance between the NEB's public accountability and its commercial freedom. One proposal believed under consideration is that the Comptroller-General should have direct access to NEB records at specified times for regular vetting.

This would not give him the right to see the books, for example, during a takeover bid or other confidential business transaction, and so, it is hoped by some Ministers, would leave the NEB free to operate.

But there are still some Ministers in the Department of Industry and elsewhere who are strongly opposed to giving the *Comptroller any new access*. They believe that the NEB's present accountability to Parliament through Mr. Eric Varley, the Secretary for Industry, and his Department's Permanent Secretary, is sufficient.

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